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NEWS SUMMARY

GENERAL

Policeman killed by Belfast van bomb

A policeman died and three others were seriously injured when a bomb exploded in a booby-trapped van in West Belfast. The Irish National Liberation Army claimed responsibility.

Earlier, police arrested known Republicans, holding up to 30.

The condition of Bobby Sands, 27, on the 59th day of his hunger strike was reported to have sharply deteriorated. The arrests are thought to be an attempt to forestall civil unrest if he dies. Page 9

Cadets survive blizzards

Five air cadets aged between 14 and 16 were found suffering from exposure after surviving two days of freezing blizzard on Dartmoor.

Farmers are preparing for wide-scale floods as the weekend snow begins to thaw. Page 8; Weather, Back Page

Flights disrupted

Many flights were disrupted as most UK air traffic controllers obeyed a Civil Service unions' call for a half-day strike. Back Page

Grain row looms

The U.S. decision to lift the embargo on grain sales to the Soviet Union may provoke a clash between Britain and France on how the EEC should react. Back Page

Giscard backed

Gaullist leader Jacques Chirac, eliminated in the French presidential election, gave his personal backing to President Giscard d'Estaing. Back Page

Lebanon raided

Israeli fighter-bombers raided Lebanon's southern port cities of Sidon and Tyre, attacking Palestinian guerrilla strongholds. Earlier story, Page 3

Order on Agnew

Former U.S. Vice President Spiro T. Agnew was ordered to pay the State of Maryland $248,735 which a judge said represented bribes allegedly accepted by Agnew while State Governor.

Tehran rally

At least one was shot dead and four wounded in Tehran at a rally called by the Mujahideen-e-Khalq guerrilla organisation to mourn four women killed in factional clashes.

Weedkiller row

Agricultural workers accused the Advisory Committee on Pesticides of doing a "whitewash" job on the dangers of weedkiller 245-T. Page 7

Schmidt visit

W. German Chancellor Helmut Schmidt arrived in Riyadh for talks on the expansion of economic co-operation with Saudi Arabia.

Actor escapes

Actor Christopher Cazenove escaped unhurt when his car smashed through a wall in Kingston-upon-Thames, Surrey, almost demolishing a house.

Boat found

A boat believed tob e that of lone Atlantic oarsman Andrew Wilson, 22, was found wrecked on an uninhabited island in the Outer Hebrides.

Briefly . . .

Jim Davis, who played Jock Ewing in TV's Dallas series, died in Los Angeles aged 65.

Three anglers drowned in a mystery accident on Loch Alvie in the Scottish Highlands.

Princess Michael of Kent left hospital with her four-day-old daughter.

BUSINESS

Equities mixed; $12 fall for gold

● EQUITIES were mixed as interest faded ahead of Thursday's first-quarter statement from ICI. The FT 30-share index slipped 1.3 to 586.0. Page 36

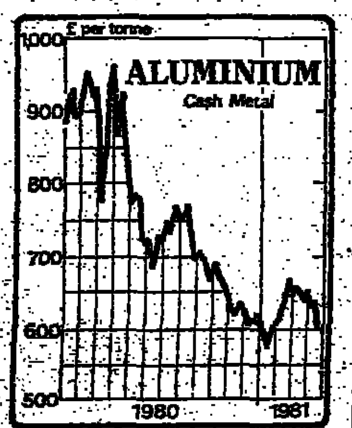
● GILTS lost ground, with the Government Securities Index off 0.31 at 69.18. Page 36

● STERLING weakened in quiet trading, closing at $2.1640 ($2.1665), DM 4.7175 (DM 4.72) and FFr 11.1850 (FFr 11.2250). Its trade-weighted index was 98.9 (99.3). Page 32

● DOLLAR gained ground against European currencies, closing at DM 2.1800 (DM 2.1775) and SwFr 1.9895 (SwFr 1.9845) but fell to Y212.0 from Y214.75. Its trade-weighted index was 102.2 (102.5). Page 32

● GOLD fell $12 in London to $483.5. Page 32

● ALUMINIUM'S free market price continued to weaken, with



cash metal falling in London by £3.75 to £600.50 a tonne. Page 35

● WALL STREET was up 1.71 at 1022.06 near the close. Page 34

● JAPAN'S first quarter trade surplus with the EEC rose 46 per cent this year to £1.2bn. Back Page; Bid to resolve car exports dispute, Page 6

● GOVERNMENT is considering whether to introduce selective cuts in industrial electricity prices for a small minority of bulk consumers. Page 9

● ROBERT MAXWELL'S £10m plan to rescue the BPC publishing group will go ahead after settlement of a north London plant dispute. Page 8

● FORT WILLIAM pulp mill closed last year by Wiggins Teape is being examined by two independent developers studying ways to revive it. Page 8

● PICKFORDS HEAVY HAULAGE, subsidiary of the State-owned National Freight Company, will merge with the Pickfords Removal subsidiary and Pickfords Travel Services.

● CONNAUGHT LATHAM, the licensed securities dealer, will oppose the Department of Trade's winding-up petition. Page 8

● EMPLOYMENT SECRETARY James Prior sharply criticised calls for further legislation on industrial relations and trade unions. Page 15

● U.S. MINERS' strike is starting to have a serious impact on coal exports. Page 6

● SHELL OIL, the fourth largest U.S. crude oil producer, reported first quarter earnings of $361m (£166m), against $373m in the same period last year. Page 29

● BANQUE NATIONALE de Paris, the State-controlled French bank, reported consolidated net earnings of FFr 898m (£81m) last year, against FFr 584m. Page 30

● SIMON ENGINEERING lifted 1980 pre-tax profits to £19.31m, against £18.54m. Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Boustead	162	+ 11	Excheq. 13¼% 1994	£97¼	— ¼
Brook Street Bureau	46	+ 4	Barr & W.A.T. A	66	— 7
Dunlop	78	+ 4	Bowater	267	— 4
Gerrard & National	310	+ 10	British Aerospace	223	— 9
Hartwells	104	+ 16	Ferranti	530	— 10
Hepworth Ceramic	139	+ 5	MEPC	237	— 6
ICI	310	+ 4	Mettoy	20	— 5
Maynards	198	+ 10	Racal Elec.	375	— 7
Menzies (J.)	419	+ 11	Royal Bank of Scotland	187	— 5
Modern Engineers	31	+ 5	Spear & Jackson	112	— 10
Raybeck	75	+ 9	Westland	146	— 5
Riley (E. J.)	67	+ 8½	BP	384	— 12
Savoy A	178	+ 13	Ultramar	440	— 20
Simon Eng.	396	+ 15	Central Pacific Minerals	80	— 8
Valor	64	+ 6	Int. Mining	42	— 5
Waddington (J.)	142	+ 10	Southern Pacific Pet.	34	— 5

Poles sign $2.5bn debt rescheduling accord with West

BY TERRY DODSWORTH IN PARIS

POLAND AND her Western Government creditors agreed in Paris last night on rescheduling of about $2.5bn worth of official Government-backed debts due for repayment this year.

The agreement, signed by Mr. Marian Krazak, Polish Finance Minister, and representatives of 15 Western creditor-nations, followed three months of delicate negotiations overshadowed by the threat of Soviet intervention in Poland.

Mr. Krzak said: "We are witnessing an event without precedent today. This document will make it possible to maintain economic co-operation between Poland and the West, and will bes followed by other." The main points of the agreement are:

● 90 per cent of all official Western credits to Poland falling due between May 1 and the end of this year will be rescheduled or refinanced. This provision includes both interest and principal payments.

● The West has given Poland a four-year grace period in which she will not be required to repay these debts.

● Repayments will start in 1986 and run for the next four years.

The $2.5bn which is being rescheduled is the official debt estimate for the 15 Western creditors which have been negotiating with the Poles.

It is estimated, however, that there is $1.9bn more due for payment in the West this year out of a global figure of $25bn owed by Poland to overseas creditors.

Officials at the Paris meeting estimated last night that about 60 per cent of $25bn was owed to banks and the rest to creditor countries.

Polands total financing needs this year, they said, amounted to about $10bn. Apart from the $2.5bn of official debt now being rescheduled, it is believed that the Poles have $3.6bn more lined up in new credits.

The Western banks are expected to agree to the rescheduling of $3.1bn due to be repaid this year. If agreement with the banks follows yesterday's inter-Government deal, Poland will be left with a financing gap in the rest of 1981 of about £2bn.

Officials said that they hoped this gap would be filled by new credits and rescheduling from other creditor countries not covered by yesterday's negotiations.

It is felt that Poland may receive help from her Eastern partners through favourable trade agreements, and through the Soviet Union, which may be persuaded to extend credit in the form of Western hard currency.

There has been no co-ordination between the Soviet Union and the 15 Western nations, led by the UK, France, West Germany and the U.S., on the Polish debt problem.

But officials made it clear last night that Poland expected to get similar treatment from its other creditors, including Eastern bloc countries.

Roumania eases stance. Page 2

Crash inquiry censures Air New Zealand

BY DAI HAYWARD IN WELLINGTON

POLICE WILL investigate accusations that Air New Zealand attempted to destroy evidence of administrative incompetence which has officially been held to have caused a crash which killed 257 people.

All those aboard died when a DC-10 aircraft belonging to the state-owned airline crashed in Antarctica on November 28, 1979.

The report of a Royal Commission, set up last year to investigate the crash, "totally rejected" some of the evidence produced by Air New Zealand witnesses and cleared the pilot and crew of blame in the crash of the ill-fated flight. The aircraft was on a sightseeing tour of the Antarctic when it ploughed into the side of Mount Erebus, a 13,200 ft volcano near McMurdo Sound.

Dismissing some of the Air New Zealand evidence to the Commission, Mr. Justice Mahon, the Commission's chairman, said he had listened to "an orchestrated litany of lies."

"The palpably false sections of evidence I have heard could not be the result of mistake or faulty recollection. They were clearly part of an attempt to conceal a series of disastrous administrative blunders."

According to the Commission's report, released yesterday by Mr. Robert Muldoon, the Prime Minister, the aircraft's captain was given flight co-ordinates for the trip 15 days before take-off. The night before the take-off the co-ordinates were changed and six hours before departure the new co-ordinates were fed to the aircraft's automatic pilot computer by Air New Zealand operations division.

The new co-ordinates moved the flight path 27 miles to the east—directly in line with Mt. Erebus—and the pilot was not informed, the report said.

During the flight heavy cloud began to obscure visibility for passengers and the flight control tower at the U.S. Antarctic base at McMurdo Sound, which believed the flight was on its usual path, advised the pilot visibility was clear at 1,500 ft and gave him permission to descend. In the "white out" conditions he would not have seen Mt. Erebus in his path.

Two days after the crash the change in flight co-ordinates became known to senior Air New Zealand executives, whose subsequent actions came in for sharp criticism from the Commission chairman.

Air New Zealand's chief executive, Mr. Morrie Davis, is said to have given orders that all documents relating to Antarctic flights were to be collected into one file. Those not directly relevant were to be destroyed. "This was an extraordinary decision, amounting to a grave error," Mr. Mahon said.

The report says that after the accident Mr. Davis decided the flight crew alone was to blame for the crash, and not the airline. Considerable managerial pressure was placed on airline witnesses to follow this attitude.

Mr. Davis yesterday rejected the reports' conclusions.

It was only after the Commission had begun sitting, and many months after the accident, that the airline admitted the computer course had been changed. Only after persistent cross-examination "were facts extracted from them which very clearly in a number of cases had not been revealed by the airline even to its own legal counsel."

The report of the Royal Commission has been referred by New Zealand's Attorney-General to the police, who will decide whether any charges should be brought.

Background, Page 3

Polyester price pact ruled void

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A PRICE-FIXING agreement involving 11 major chemical companies, including ICI, BP Chemicals and Berger, was yesterday declared void by the Office of Fair Trading.

The agreement covered the pricing of polyester resins which are used in the manufacture of products including fibre glass and paint.

The companies are said to have agreed between themselves for a number of years the level and timing of price rises for polyester resins.

Such restrictive trade agreements are not automatically unlawful under the 1976 Restrictive Trades Practices Act. This legislation enables companies to register an agreement and then to operate it lawfully until the Restrictive Practices Court rules on its validity.

Registered agreements often take two or three years to come to court. Companies then have the opportunity of defending their restrictions under the legislation.

However, if companies fail to register an agreement—as in the case of the polyester resins cartel—it is automatically declared null and void when it is uncovered. The companies involved are forbidden from continuing with the restrictive agreement and could face legal proceedings from customers who consider they have suffered financial harm from the agreement.

The agreement involving the 11 chemical companies emerged yesterday when it was formally placed by the OFT on the register of restrictive trade practices. All agreements, even those declared null and void by the OFT, have to be placed on this register.

The companies named by the OFT as being involved are: BP Chemicals; Berger; Jenson and Nicholson; British Industrial Plastics; Cray Valley Products; Freeman Chemicals; International Paint; Scott Bader; Synthetic Resins; Warwick Chemicals; B and N Chemicals; and ICI.

ICI last night said that its operations in the polyester resin market was "incompatible with being party to the agreement in question." The company said that it had pulled out of the polyester resin market in July 1979 because the business was unprofitable and had sold its manufacturing capacity to BP Chemicals.

ICI is understood to be considering its legal position over being named as a party to the agreement with the 10 other companies.

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Royal Bank of Canada to take over Orion

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ROYAL BANK OF CANADA is to buy Orion Bank, marking an end to the City-based institution's controversial life as a consortium bank.

An agreement in principle reached yesterday with Orion's five other shareholders will allow Royal Bank to buy full ownership of Orion for an amount estimated to be near £45m.

Royal Bank, which already holds 20 per cent of Orion, plans to merge its new acquisition with its own, much smaller merchant banking operation in London.

The move will give Orion the chance to expand aggressively in its existing Eurocredit and Eurobond business, according to its chief executive, Mr. T. Jefferson Cunningham, who is to become deputy chairman under the new structure.

Orion will also benefit from Royal Bank's worldwide contacts and expertise in oil and gas and forest products financing, which should let it expand its project financing work.

Royal Bank of Canada has enjoyed for some time a reputation as Orion's most sympathetic shareholder. The other five are Chase Manhattan, National Westminster and Westdeutsche Landesbank, with 20 per cent each, and Credito Italiano and Mitsubishi Bank, with 10 per cent each.

An outright purchase of Orion by Royal Bank was considered two years ago but no offer was made and the disagreement about Orion's potential as a consortium gank led to the resignation of its chief executive, Mr. David Montagu, who had favoure dthe idea of a single shareholder.

Viscount Hardinge, managing director of Royal Bank of Canada (London) said yesterday that his bank had then felt it needed more expertise in international merchant banking before taking on such a big operation as Orion.

He is tto become chief executive officer of Orion, while Royal Bank's president, Mr. Jock Finlayson, will become chairman.

Orion Bank's pre-tax consolidated profits fell last year to £7.2m, from £8.5m in 1979, it was revealed yesterday. Its total consolidated assets stand at £1.3bn with capital and reserves at £56.4m.

Royal Bank of Canada (London) had total assets of £124m at September 30, 1980, while its pre-tax profits were £383,000 and capital and reserves £7m. Its foundation in 1979 was described by some bankers yesterday as a "dummy run" for the much more ambitious takeover of Orion Bank's entire capital.

The announcement was interpreted in the City last night as another nail in the coffin of general consortium banks. There is still room for consortia with a specific geparohir gh uoL with a specific geographical sphere of specialisation, but shareholders in general consortium banks have in recent years preferred to set up their ow nindependent operations.

Lex, Back Page

Visa to offer U.S. banks cash management plan

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

THE VISA consumer banking payment systems organisation proposes to offer U.S. banks a competitive alternative to the money market funds and cash management accounts now offered by the U.S. brokerage industry.

The service would be linked to a premium travel and entertainment (T and E) payment card which Visa plans to launch in the next few months.

The Visa scheme could prove particularly attractive to the banks if, as Visa claims, it will allow for interest to be paid at market rates. At present U.S. banks are losing substantial deposits to money market funds because of restrictions that force them to pay low interest rates on small retail ablances.

The move, which Visa has been planning for some time, was hastened by last week's news that American Express is to take over Shearson Loeb Rhodes, the second largest Wall Street brokerage house. One of the first products of this merger is to be a cash management service linked to the American Express card.

Merrill Lynch, the biggest Wall Street broker, was the first to offer customers money market funds which could be assessed by credit cards and cheque books. Since Merrill is not defined as a bank it is not subject to interest rate regulations or reserve requirements.

The Visa move is seen by some U.S. bankers as having great potential, but most were only reading of the proposal in letters from Visa yesterday.

The key to the plan is that

Continued on Back Page

Now! is closed after big losses

BY ALAN PIKE

NOW! magazine, launched 19-months ago by Sir James Goldsmith as a prestige entry entry to British publishing, was closed yesterday with losses running at £2.5m per year.

The magazine's 125 staff, 80 of them journalists, were told when they reported for work yesterday that last week's issue would be the final one.

Sir James said he regarded Now! as a journalistic success, but lack of advertising support in difficult market conditions has resulted in significant losses which were "likely to continue at a higher level than originally anticipated."

Now!'s circulation, which was running at 119,800 copies per week during the second half of last year, has given a little recently. But it has not attracted sufficient advertising revenue. Total losses on the project are £5m-£6m after tax.

Mr. Anthony Shrimsley, the editor, was called to Paris last Friday and told by Sir James that Now! was to close. Yesterday, Mr. Shrimsley said that Sir James had given hte magazine every possible support and had behaved impeccably.

However, Now!'s National Union of Journalists chapel (office branch) accused Sir James of a "cynical betrayal of the staff."

Now! was launched by Sir James after previous bids to enter the British newspaper industry in which he expressed interests in the Observer and Beaverbrook Newspapers.

His intention was to create, with the aid of a well-paid team of journalists recruited from Fleet Street and elsewhere, a new concept in British journalism — a news magazine on the U.S. or continental style. However, Now! failed to pick up sufficient advertising revenue in a crowded quality press market.

Sir James also revealed ysterday that Cavenham, the UK food group, is to be called by the name of its only remaining operating subsidiary, Allied Suppliers (Holdings).

Background. Page 8
Men and Matters. Page 20

£ in New York

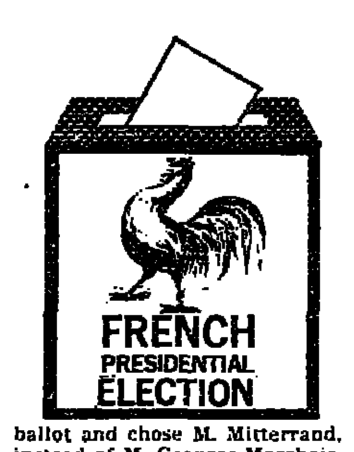
	April 24	Previous
Spot	2.1600-1620	2.1710-.1730
1 month	0.63-0.70 pm	0.63-0.70 pm
3 months	2.25-2.35 pm	2.15-2.25 pm
12 months	6.90-7.10 pm	6.70-6.90 pm

France votes for a cliff-hanging final round

BY ROBERT MAUTHNER IN PARIS

THE RESULT of the first round of the French Presidential election has turned out to be both a confirmation of the pundit's main prediction for the final ballot line-up and a surprise as far as the detailed voting figures are concerned.

As generally expected, President Giscard d'Estaing and M. Francois Mitterrand, the Socialist candidate, will be the duellists *in the second round on* May 10, but the gap between them is even smaller than forecast in the last pre-election polls — a mere 2.5 points.



All the indications are that many voters, particularly on the Left, broke with the usual first-round habit of opting for their favourite candidates, without *too much thought about their* real chances. This time, it seems, many Communist supporters treated the first round almost as if it was the final ballot and chose M. Mitterrand, instead of M. Georges Marchais, their own leader. They voted "usefully," as the French say.

The end result was that M. Mitterrand won nearly 26 per cent of the vote, the best result achieved by the Socialists in any election since the liberation of France in 1945, while the Communist vote dropped to only just more than 15 per cent, the party's lowest score since 1936.

The same can hardly be said for the other big political "family" — the Gaullists and the Giscardian centrists—whose internecine feuds over the past few years have been almost as bitter as those between the Socialists and Communists.

M. Giscard d'Estaing obtained only marginally more votes than expected, about 28.2 per cent, which was nearly 5 per cent less than in the first round in 1974. However, the President did not succeed, as M. Mitterrand has done on the left, in humiliating his natural political partner, M. Jacques Chirac, the Gaullist leader.

It is only in relation to the unrealistic expectations built up imprudently by M. Chirac's campaign staff on the eve-of-poll that the Gaullist leader failed to come up to scratch. His score of nearly 18 per cent was *honourable. Though it fell* short by some four points of the Gaullist RPR party's performance in the 1978 legislative election, it was much better than that registered by M. Jacques Chaban-Delmas, the Gaullist candidate in the 1974 presidential election.

In other words, M. Chirac has made sure that Gaullism is still a force to be reckoned with and that M Giscard d'Estaing, if he is elected, will have to take account of the proposals made by M. Chirac during the election campaign to be able to rely on the RPR's support in parliament. Theoretically, M. *Mitterrand should be tied less to* the communists, after M. Marchais's poor performance in the first round. But, in practice, he is as dependent on the support of communist voters in the final ballot as M. Giscard d'Estaing is on Gaullist voters.

Bare statistics cannot provide the answer to the outcome of the election at this stage of the campaign. Even when all the right-wing and left-wing votes in the first round are added up, both M. Giscard d'Estaing, with slightly more than 49 per cent, and M. Mitterrand, with nearly 47 per cent, fall short of an absolute majority.

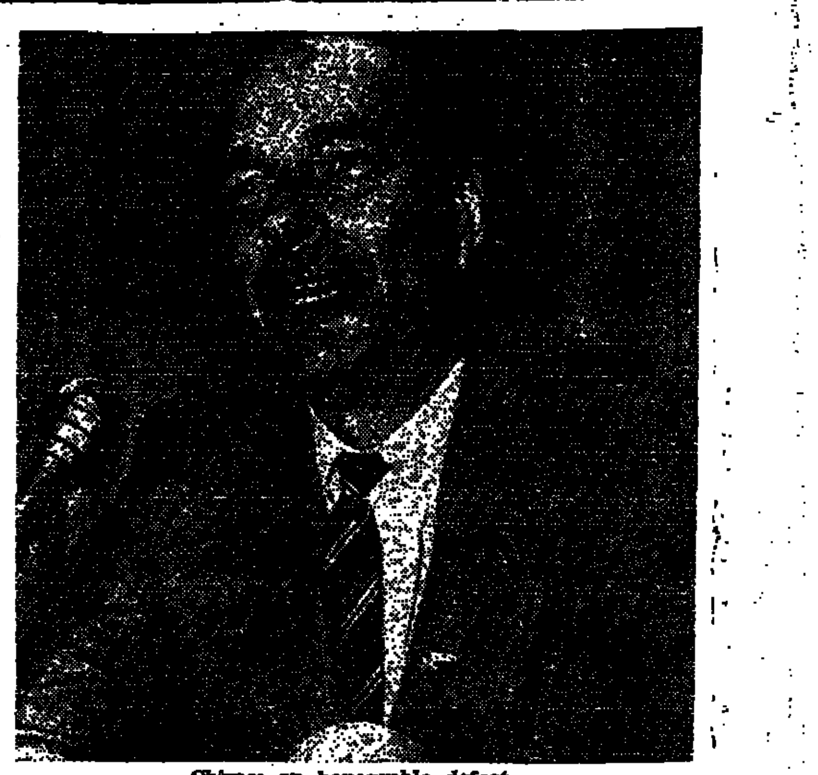
The fundamental question is whether all the Gaullists will vote for M. Giscard and whether all the communist voters will opt for M. Mitterrand in the second ballot? Nothing could be less certain.

Though M. Chirac has come *out in favour of M. Giscard* d'Estaing, while emphasising that the outgoing President must change his policies during his second term, he has told his supporters that they must vote according to their consciences. The betting at the *moment is that more than just a handful*—some estimates put it as high as 15 per cent of the Gaullist electorate—will vote for M. Mitterrand.

It must be assumed that the majority of communist voters will support the socialist candidate in the final ballot, but certainly not all of them.

But even if complete unity is restored in the two political families and Gaullists and Communists vote strictly on the basis of their group loyalties, the final result remains in doubt.

The 4 per cent of votes gained by M. Brice Lalonde, the ecologist candidate, are going begging and could swing the election either way, as could the 19 per cent of the electorate which abstained in the first round.



Chirac: an honourable defeat.

Marchais's future in question after poll rout

BY DAVID WHITE IN PARIS

THE BIGGEST surprise in Sunday's eliminatory ballot and, perhaps in the long run, the most significant turning-point, was the collapse of the Communist Party, which lost a quarter of its captive vote.

The 15.4 per cent scored by M. Georges Marchais, who in nine years of leadership has taken the party into and out of the Eurocommunist camp, and into and out of a union with the socialists, brings the communists back down to a level they last struck in 1936, the year of the Popular Front.

The party's central committee is due to meet today to weigh the consequences of Sunday's rout.

The official explanation is that many who would normally have voted for M. Marchais in the first round, and after his elimination for M. Francois Mitterrand, decided to vote straight away for the latter in order to make sure he was not pipped by M. Jacques Chirac, the Gaullist contender.

This recourse to "the useful *vote" was doubtless a big* factor, and is reflected in M. Mitterrand's unexpectedly high score. But questions are bound to be raised about the success of recent Communist policies, and about the future of 60-year-old M. Marchais as leader.

"I would have liked a better result," *he said, putting a brave face on it, "but the Communists* have been through this kind of thing before." He was referring to 1958, when an upsurge of Gaullism caused the Communist vote to fall to 19 per cent. But it is 50 years since it suffered such a sharp setback.

It is debatable whether the party's change of heart in favour of Moscow has itself alienated many voters. The experiment with Eurocommunism on Italian lines was short-lived. The party had *already isolated itself from* the Eurocommunist movement at the time of the 1979 European election, when it polled its regular 20 per cent.

Having approved the invasion of Afghanistan, the party has re-defined the word Eurocommunism in its own manner. M. Marchais was among those *who stayed away* from this year's Soviet party congress, but that may have been more for electoral than for ideological reasons.

Its opposition to Spanish EEC membership has helped it build up farming support, especially in the south-west. On the other hand, its strong-arm campaign on immigrants and drugs, apparently designed to increase support among white, working-class families, does not seem to have done it very much good.

M. Marchais's own reputa*tion has been damaged* by lingering doubts about his war-time record and the party has been unsettled by a resumption of expulsions—after a ten-year gap—and a spate of resignations among its disgruntled intellectuals.

Since the Left's common programme fell apart in 1977, M. *Marchais's whole policy has* been aimed at increasing the communists' relative strength before embarking on another alliance. He has only Sunday's 15 per cent to show for it, as the party continues to demand its share of posts in a left-wing government.

Marchais: "higher hopes."

Opinion pollsters far from mark

BY TERRY DODSWORTH IN PARIS

AFTER THE Communist Party, the opinion pollsters have been the biggest losers in the French presidential elections. They badly underestimated the strength of the Socialist vote, they failed to spot the Com*munist slide, and most of them* overestimated the final strength of the Gaullists.

From among the four leading candidates on Sunday, only the figure put on President Giscard's following came universally close to the outcome.

In their defence, the pollsters can point to the official black-out on publication of their figures in the week before an election. A poll, they argue, is not a prediction, but a picture of voting intentions at a specific time. And a week is a long time in politics, as Mr. Harold Wilson found out in 1970.

Yet according to insiders the pictures emerging from the pollsters' unpublished figures right up to the last minute last week were no more accurate than those published seven days earlier. *M. Mitterrand,* the socialist candidate, for example, was accredited with only 22 per cent in some of the surveys, against an earlier 23 to 24 per cent and an actual vote on Sunday of 26 per cent.

It was partly this mistake, combined with some almost equally faulty figures showing that M. Jacques Chirac, the Gaullist, might take 20 per cent which led to speculation that the socialists could be *b*eaten into third place in the first round. All M. Chirac needed, on the basis of this arithmetic, was for one or both of the dissident Gaullist candidates to retire, and he could have pipped M. Mitterrand at the post.

These kind of calculations raise again the question of how far voters are influenced by a kind of double-think reaction against the polls. The French have tried to minimise these kind of influences by the publishing ban in the pre-voting week. But it is arguable that a lot of Frenchmen decided on where to place their vote in the past few days because of what the polls had been previously indicating. Thus M. Marchais' poor showing—at 15.5 per cent against forecasts of 17 to 19 per cent—may have been partly caused by communist voters deciding to show solidarity with the Left and go socialist in the first round. In this way they made sure that M. Chirac would not overtake M. Mitterrand.

Romania eases independent stance

BY LESLIE COLITT IN BERLIN

RELATIONS between independent-minded Romania and the pro-Moscow Communist parties of East Germany and Czechoslovakia are being transformed in the wake of the dramatic political events in Poland. Not since the 1950s have contacts flourished as now between the Romanian communists and the *staunchly pro-Soviet parties in* East Berlin and Prague.

Poland is the reason for their newly-found common interest as the orthodox leadership in those countries fear that liberalisation in Warsaw could one day threaten their own rule.

A Romanian delegation has just visited East Berlin where Mr. Gheorghe Pana, first secretary of the party organisation in Bucharest, spoke of the need to "strengthen and expand co-operation" between the communist parties in both countries. Only a few years ago such a remark would have been unthinkable as Mr. Nicolae Ceasescu, Romania's party leader, was anxious to keep the Soviet Union and its closest allies at arms' length.

Now, the threat to the party's omnipotence in Romania, posed by the Solidarity independent union in Poland and by the forces of reform in the Polish Communist party, and a deteriorating economic situation have prompted Bucharest's overtures.

While demanding higher productivity from ill-paid and ill-fed Romanian workers, who recently staged sporadic strikes in big factories, visiting Romanian officials have met top officials of the East German state trade union to learn how East Germany deals with its workers.

At the same time, Romania wants to increase its raw materials and energy imports from the Soviet Union and to buy 1.4m tonnes of Soviet oil a year at concessionary prices. Comecon officials here report that a quarter of Romania's oil refining capacity is idle because the country cannot afford to import oil at world market prices.

The 10 per cent annual industrial growth rates achieved by Romania in the past were largely based on a liberal use of fuel and raw materials. Agriculture and industry have remained antiquated and investments, as in Poland, were poured into prestige projects.

Also reminiscent of circumstances in Poland is the fact that Romania meat products are being shipped abroad to earn hard currency while domestic meat shortages worsen.

With an eye on Poland, but *without specifically saying so,* Mr. Ceausescu has warned that there must be no "threats to use force." This is a faint echo of his outspoken support for the Czechoslovakia communist reform movement in 1968 even before the Soviet-led invasion of that country. Communist officials here explain that, in those days, Romania was producing more than 15m tonnes of oil a year. Output now has fallen to 12.5m tnnnes.

Solidarity sets up powerful pressure group

BY CHRISTOPHER BOBINSKI IN WARSAW

REPRESENTATIVES of some of Poland's biggest factories in Solidarity, the independent union, have agreed to consult whenever it faces a major policy decision.

The move, initiated by Solidarity at the Gdansk Lenin shipyard, establishes a powerful pressure group inside the union which its leadership at national and regional level will find difficult to ignore. Plants employing between 10,000 and 30,000 people have always been politically crucial.

According to Mr. Jacek Merkel, deputy head of the union at the Gdansk shipyard, the idea is that the largest plant in any one region should join the scheme. "These are the factories everyone looks to for leadership, and thus they have the greatest responsibility," he said.

He stresses, however, that all that has happened is that an "information network" has been set up. At the moment 17 factories are involved including the Cegielski engineering works in Poznan, the Lenin steelworks in Krakow and the Warski shipyard in Szczecin.

The development comes after the controversy within Solidarity over an agreement signed with the Government on March 31, which averted a general strike. The agreement hammered out by Mr. Lech Walesa, the union leader, was criticised by some regional leaders as being too moderate while the large factories backed the move.

Yesterday, a working group from the 17 factories met at the Gdansk shipyard to map out a strategy on participation.

Dutch staff occupy Ford plant

By Our Amsterdam Correspondent

FORD WORKERS have occupied the factory here and locked out the management in protest at the plan to close the plant by September with the loss of 1,325 jobs. A workers' committee said production and assembly of Ford Trans-continental and Transit vans would continue as usual.

Ford lost Fl 68m (£13m) on its Amsterdam production and assembly activities last year and expected to lose Fl 60m this year. Mr. G. Laurent, the managing *director, told staff last week* that several ways of maintaining operations had been considered but none would have been profitable. He blamed the generally bleak economic climate affecting both lorry and car sales and the need for the company to restructure its European production.

An Economics Ministry spokesman said yesterday that Ford had earlier requested Fl 192m in state aid to build a car heater plant in Amsterdam. The Ministry was not ready to discuss the matter further, however, as Ford had said that the operation would not be profitable for many years and that the Government would have to cover the losses and other financial risks in the meantime.

Swedish coalition on verge of collapse

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN IS expected to lurch into a political crisis today following the refusal of Mr. Gosta Bohman, the Economy Minister, to yield to pleas by his coalition colleagues not to take his Moderate (Conservative) Party out of the Government.

Mr. Thorbjörn Fälldin, the Prime Minister, and Mr. Ola Ullsten, the Liberal leader, both appealed to him over the weekend to accept the agreement on tax reform which his political partners have reached with the social democrat opposition.

A bank strike will further dampen Swedens' spirits. Yesterday the bank employees' union rebuffed an appeal from arbitrators to postpone a three-day strike starting today. The union has rejected an 8.8 per cent pay rise over the next two years plus guarantees of other increases to maintain differentials. The central bank is not affected.

The Stockholm stock exchange reacted sharply yesterday to the threat of a political crisis. Prices fell heavily by up to SKr 23 (£2.50) a share.

The Government is due to publish its supplementary budget tomorrow. It will show a further increase in the already large budget deficit and senior officials have hinted that public spending will have to be cut yet again.

Mr. Bohman has been the strongest advocate in the Cabinet of a tough fiscal policy and of tax reliefs. He reacted sharply last week when Mr. Roolf Wirten, the Budget Minister, and the opposition agreed to postpone income tax cuts until 1983.

Spanish guards set free

BY OUR MADRID CORRESPONDENT

THIRTEEN MORE members of the Spanish Guardia Civil, held in prison in Madrid for their alleged participation in the assault on Parliament during the Febraury 23 abortive military coup, were released at the weekend.

This leaves only 17 in prison out of an estimated total of 260 who took part in the assault.

The latest group, who may still have to appear in court, were released without explanation on the orders of the head of the para-military force.

UK concern escapes steel curb

By John Wyles in Brussels

DARLINGTON and Simpson Rolling Mills, the British private steel company, looks unlikely to be forced to make any significant cut in its scheduled output despite causing considerable ire among Eurocrats.

European Commission officials could barely restrain their anger at what appears to be a public relations ambush by Mr. John Carter, the company's managing director.

His complaints about a Commission instruction to cut production by nearly a half or face a £720,000 fine have been snapped up by the British Press as an unfortunate example of Eurocratic stupidity. The reality, it is claimed, is somewhat different.

Most EEC companies are subject to production controls under an emergency quota system adopted by member governments last November.

Darlington's quota, like all others, is based on the company's performance over the past three years which implies a ceiling of about 20,000 tonnes per quarter.

But the County Durham company's actual quota in the first quarter of this year was about 28,500 tonnes, because the Commission was satisfied that it had export contracts to fulfill.

Its production was even higher, it is claimed, because Darlington was able to take up some of the British Steel Corporation's unused quota.

Mr. Carter says that he wants to produce 38,000 tonnes in the March-June quarter and officials say that this should be possible on the same basis that the company's first quarter output was significantly above its quota.

How free collective bargaining fails to work in Denmark

Mr. Anker Joersensen: Denmark is becoming ungovernable.

BY HILARY BARNES IN COPENHAGEN

THE MAIN Danish industrial trade unions and employer organisations concluded two-year wage agreements earlier this year with unusual speed. The settlements were among the most moderate for 20 years, giving 7 to 8 per cent wage increases in 1981 and probably 9 to 10 per cent in 1982.

But not all unions settled, and the going has since become rough. Some people fear that what *began* so well in the winter could turn into something resembling a general strike this summer:

- Some 19,000 slaughterhouse workers are on strike or locked out, paralysing the meat trade, which accounts for about 15 per cent of Denmark's merchandise exports. This is a disaster for many farmers, already in desperate financial straits.
- A strike and lock-out of printing workers has closed most newspapers, magazines and half the country's other printing works. That conflict began on March 27.
- The Association of Younger Doctors has carried out work stoppages in hospitals, in breach of contract, and may later withdraw their labour.
- The state and county councils have taken the unprecedented step of threatening to lock out 16,000 of the 30,000-strong Central Organisation of Graduate Employees — which has 30 member unions—in response to an equally unprecedented threat to bring 2,500 members out on strike.

If those threats are made good, *final-year students* at the gymnasiums—high schools for 17 to 19-year-olds—will be unable to take their matriculation examinations and will thus theoretically at least, be unable to enter university in the autumn.

- Primary and secondary school teachers are considering strike action. Provincial journalists are threatening to strike from May 1, Copenhagen journalists from July 1. Air traffic controllers have disrupted traffic by going sick.

Mr. Steffen Moeller, economist for the Metalworkers' Union and an acute observer of the labour scene, said last week that if the print and slaughterhouse conflicts are not settled very soon the employers may go for a quick denouement by declaring sympathy lock-outs against other unions. This would cause the LO, the powerful trades union federation, to declare sympathy strikes, unleashing total chaos.

In such a crisis the Government would probably step in, putting into law the official mediators' proposed settlements for all groups. Danes being Danes, they would dutifully go back to work, as they have done on other occasions when settlements have been imposed by law.

Danish wage negotiations are usually conducted collectively by the central organisations, which in the private sector means the Employers Federation and the LO. This year, for the first time for a generation, the negotiations were decentralised, and took place at union or union federation level. As the Government promised not to intervene, there was genuinely free collective bargaining for the first time since 1973. With the winter settlement, the new system looked as if it had justified itself. But it also meant that the central union organisation was in no position to bring to heel such militant unions as the print workers.

The print workers are holding out for more money than other unions have got but, perhaps more importantly, they are in effect demanding a veto over new technology and dismissals. Newspaper managements, groggy from the recession, have decided on a show-down, while the Employers' Federation is fearful that if the highly paid print workers—their average annual earnings in Copenhagen are about DKr 190,000 (£13,000) —win better terms than anyone else, the entire private labour market will be destabilised.

The Government might well have stepped in to stop the slaughterhouse dispute, had it been an isolated conflict, on the grounds that it is damaging a vital national interest. But it has so far refused to do so. If it intervenes in one dispute it will have to intervene in the rest and nothing will be left of the free collective bargaining principle, either now or in two years' time.

The simple explanation of the looming conflict with the Graduate Employees Union is that their real wages have fallen by 14 to 27 per cent (varying from group to group) since 1975, while their private-sector colleagues have just about held their own. They have been offered, and their negotiators have grudgingly accepted, 5 to 7 per cent a year, but members' dissatisfaction is so great that there is *a very* real prospect that they will reject the settlement.

But that does not explain why formerly peaceable civil servants, doctors and teachers are now prepared to sacrifice the interests of public, patients and pupils in a wage dispute. Industrial action by these groups a few years ago would have been unthinkable. There is no short explanation, but the breakdown of discipline among these groups adds further evidence to the thesis propounded, in moments of irritation, by Mr. Anker Joergensen, Denmark's Prime Minister, that his country is becoming ungovernable. That, perhaps, is an exaggeration, but Denmark is certainly becoming less easy to govern.

Farmers may halt milk supply

BY OUR COPENHAGEN CORRESPONDENT

DANISH farmers' organisations met yesterday to decide whether to suspend deliveries of milk as well as all supplies of cattle and pigs to butchers.

The farmers hope such drastic action will force the Government to step in and stop a week-old strike which has closed Danish slaughter houses. By early yesterday evening the farmers had not reached a decision.

Meanwhile 200 slaughterhouse shop stewards urged their union to take a positive attitude to discussions to end the strike, which started when *over 80 per cent of the union* members voted to reject a wage settlement negotiated by the union.

The Folketing is to debate the strike today when Opposition parties will press the Social Democratic Government to send the dispute to compulsory arbitration. So far however the Government has refused to do so.

The Central Organisation of Graduate Employees has warned that it will bring out slaughterhouse veterinary *staff on strike from May 11* if the organisation's member unions reject a wage offer now under consideration. If the vets strike, meat will not be controlled and it will not be possible to sell it

The strike of slaughterhouse workers started on Wednesday, but no slaughtering has taken place since before Easter. The final shipments of bacon to the UK were made last week.

Turkish union lawyer held by military

By Our Foreign Staff

TURKISH MILITARY authorities have arrested the main defence lawyer of Disk, the left-wing union confederation which was the most active Turkish workers' movement before the coup.

Mr. Ercument Tahiroglu, 35, was arrested by a military task force near Balikesir, 288 miles south of Istanbul.

He is being held for questioning as part of an investigation into alleged subversive activities by his clients after leading the defence of the 300 Disk leaders who face formal charges of "Marxist Leninist activities aimed at overthrowing the present constitutional régime"—a crime with a possible death penalty. Many of his clients accuse the military authorities of torture.

Mr. Abdullah Basturk, President of Disk, last week made his first court defence statement since being arrested last September.

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Gaddafy and Brezhnev meet in Moscow

BY DAVID SATTER IN MOSCOW

LIBYA'S LEADER, Colonel Muammar Gaddafy, who is one of the Soviet Union's biggest arms customers in the Third World, arrived in Moscow yesterday and immediately went into talks in the Kremlin with Mr. Leonid Brezhnev, the Soviet President.

In a front page article, Pravda, the Communist Party newspaper, said that Col. Gaddafy's visit could be a "new step" in the strengthening of "friendship and mutual understanding" between the Soviet Union and Libya.

Diplomats in Moscow said that further arms supplies and military bases for the Soviet Union in Libya may be among the subjects discussed, even though Col. Gaddafy explicitly ruled out bases for the Soviet Union in a speech in Benghazi last month.

Western intelligence officials believe there are at present 5,000 Soviet, East German, and Cuban military and civilian personnel in Libya, along with $12bn-worth of Soviet or East Bloc military equipment including up-to-date tanks, aircraft, rocket launchers and artillery.

There was also speculation that Col. Gaddafy might use the occasion to sign a friendship treaty with the Soviet Union similar to the one signed last year between the Soviet Union and Syria which effectively codified the existing state of relations.

Libya and Syria agreed last year to a merger of their states and although little progress has been made in translating this commitment into reality, the Libyans are also believed to be interested in a friendship treaty as a means of lessening their diplomatic isolation.

The Soviet Union has recently shown a renewed interest in participating in diplomatic moves toward an overall Arab-Israeli peace agreement.

Lebanon prepares for talks to end violence

BY IHSAN HIJAZI IN BEIRUT

LEBANON is getting ready for talks to bring an end to the latest round of violence, now that most of the strategic fighting in the country's eastern mountains has been completed.

Mr. Abdel Halim Khaddam, Syria's Foreign Minister, is due in Beirut today to meet President Elias Sarkis, members of the Lebanese Government, and political leaders.

The visit was decided after a day of talks in Damascus at the weekend, involving Lebanon's Foreign Minister, Mr. Fuad Butros who was received by President Hafez Assad of Syria.

Mr. Khaddam expressed the hope that while in Beirut, an inter-Lebanese dialogue would be initiated, to be followed by national entente to end the crisis. However, there is still a great deal of scepticism among politicians, and a vast gap between the rival factions.

While in Beirut, Mr. Khaddam is expected to meet, among others, leaders of the main Christian alliance known as the Lebanese Front. The front is formed mainly of the Phalange Party and the National Liberal Party of ex-President Camille Chamoun.

The front's military arm, called the Lebanese Forces, comprises the militias which have been fighting the All-Syrian Arab Deterrent Force for the past three years.

Mr. Butros also suggested that much of the ground-work for the inter-Lebanese dialogue had already been laid down.

New air battles 'likely between Israel and Syria'

BY DAVID LENNON IN TEL AVIV

THE DANGER of renewed air battles between Israel and Syria over Lebanon has increased, following the despatch of Syrian planes on Sunday to the areas where Israeli planes bombed Palestinian bases, according to local Press reports.

Israel has strenously denied it had any role in the crash of a Syrian Soviet-built MiG fighter jet on Sunday near Sidon, where Israeli jets had attacked guerrilla targets.

The actual cause of the crash still remains unclear, according to Israeli and Western officials here.

Three Syrian jet fighters have been shot down over Lebanon by Israeli pilots in two separate clashes in the last four months when they tried to prevent air strikes against Palestinian bases.

General Rafael Eitan, Israeli Chief of Staff, recently stated bluntly that any aircraft which tried to interfere with the operations of Israeli planes over Lebanon will be shot down.

Though the Israeli Government has clearly indicated in the last week that it wants to cool down the situation in Lebanon, it is also somewhat frustrated by the obvious refusal of the Syrians to heed its warning about the need to stop the attacks on Lebanese Christian forces in Beirut and Zahle.

U.S., India likely to end uranium agreement

By K. K. Sharma in New Delhi

INDIAN and U.S. officials are expected to resume talks in New Delhi early next month on the issue of nuclear fuel supplies for the U.S.-built atomic power station at Tarapur, near Bombay.

The issue was recently discussed in Washington without success and is seriously harming Indo-U.S. relations, already at a low level following the announcement by Mr. Alexander Haig, U.S. Secretary of State, of military aid to Pakistan.

The U.S. Administration has let the Indians know that it wants to terminate the 30-year agreement of 1963 under which the U.S. is required to supply enriched uranium for the Tarapur plant. The abrogation of the agreement is being sought because it has been found to be "unworkable," following India's refusal to sign the non-proliferation treaty.

Under U.S. laws, the Administration is forbidden to supply nuclear fuel to countries which are not willing to submit their nuclear installations to international safeguards.

However, this clashes with the provisions of the 1963 agreement under which the U.S. has agreed to supply enriched uranium to the Tarapur plant for 30 years.

The Indians admit the agreement is not working properly, and should be terminated. But in doing so, they have put the U.S. in a predicament, by insisting on "exclusive rights" to the spent fuel sent for Tarapur in previous years which is stored in special containers.

The Indian Government has repeatedly said it is committed to the peaceful uses of nuclear energy, but this position could always be subject to change, especially now that Pakistan is believed to be also acquiring a nuclear capability.

Italy increases Ethiopian aid to £8m a year

By James Buxton in Rome

ITALY CLAIMS to have become the biggest donor of bilateral economic aid to Ethiopia, following agreements signed at the end of the visit there last week by Sig. Emilio Colombo, the Italian Foreign Minister.

His visit, during which he had a three-hour meeting with Lt.-Col. Mengistu Haile Mariam, the Ethiopian head of state, was the first by a Western Foreign Minister since the 1974 revolution.

Italy is to increase its aid to Ethiopia from L15bn (£6.4m) to L20bn (£8.6m) a year, and is to provide Ethiopia with a trade credit line worth L26bn.

The increased Italian involvement in Ethiopia is important from the Western point of view, as Ethiopia has a treaty of friendship with the Soviet Union.

Antarctic air crash: a 'litany of lies'

BY DAI HAYWARD IN WELLINGTON

EXTRA CHAMPAGNE was being served to the 237 passengers on Air New Zealand flight 901—the Antarctic sightseeing special—to compensate for the cloud which blotted out much of the view on the first leg of the 5,000-mile return flight from Auckland.

Capt. J. T. Collins, the pilot, anxious to give his passengers a good view of the white continent with its breathtaking panorama of ice and snow, received permission from air control at the U.S. base at McMurdo Sound to bring the DC-10 jet down to within a few thousand feet of the ground.

The pilot, crew, and air traffic control at McMurdo believed the aircraft was travelling in the centre of the Sound with no obstruction for several miles on either side.

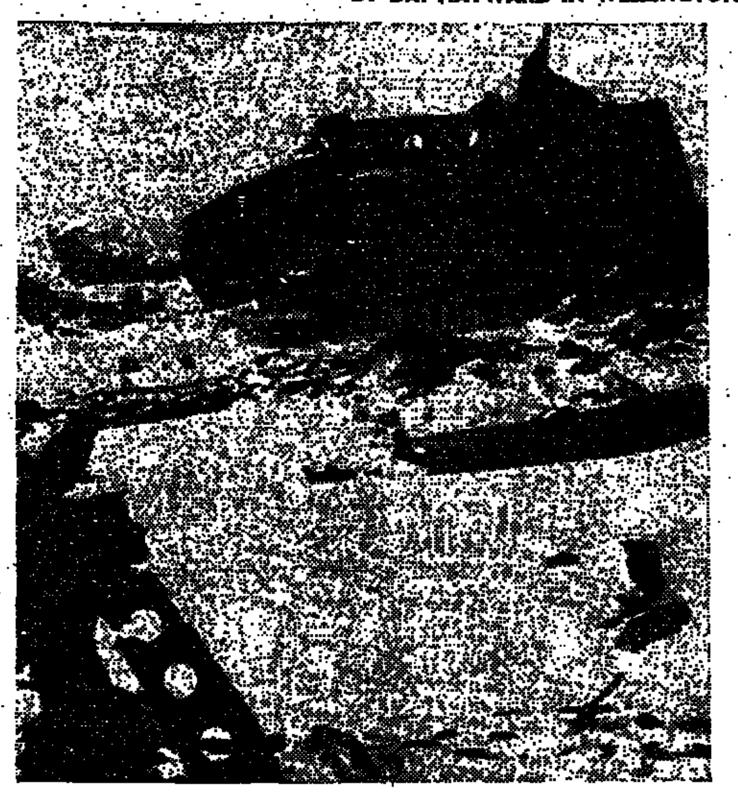
Passengers crowded at the windows, anxious to see the towering, smoking white volcano, Mt. Erebus, which rears 13,200 feet above the icy wasteland.

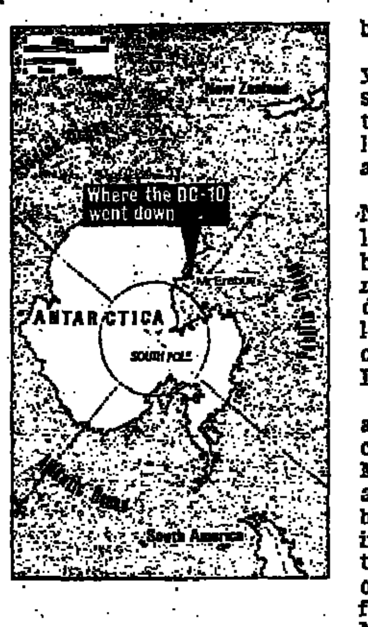
They had been told smoke and flames might be seen from the volcano crater. Tourists of a dozen different nationalities, English, New Zealand, American, Australian and Japanese, many of whom had flown halfway round the world for this once-in-a-lifetime adventure, were poised with cameras ready.

But, unknown to the pilot, the crew, or McMurdo traffic control, new co-ordinates had been fed into the flight-deck computer, which controls the automatic pilot, the night before.

The aircraft was not flying down the centre of McMurdo Sound. It was 27 miles to the east flying straight towards Mt. Erebus.

Yet the DC-10 came down to 1,500 ft, flying in clear visibility. The passengers and crew—only one of whom had been on a previous Antarctic flight—were rewarded with a view which few have seen and those who have can never forget. As far as the eye can see is the awe-inspiring white wasteland.





● Wreckage from the DC-10 strewn over Mt. Erebus, left. To the airliner's crew, the weather made the volcano look like level ground.

But, unknown to the crew they were now flying in a "white out"—a combination of low, overcast cloud and reflection from the dazzling white terrain—an illusion in which Mt. Erebus appeared to the crew to be level ground.

The Hon. Mr. Justice Mahon, an eminent member of New Zealand's judiciary, said: "What this crew saw ahead of them was a long vista of flat snow-covered terrain extending ahead for miles. In the far distance the flat white terrain would appear either to reach the horizon many miles away or, more probably, merge imperceptibly with the overhead cloud."

The crew had no indication of impending disaster. Not until six seconds before the jet ploughed into the volcano did a warning device in the cockpit sound an alarm—pull up, pull up. It was too late. The aircraft disintegrated, instantly killing all 257 people on board.

Last night, Mr. Justice Mahon, chairman of the Royal Commission set up to inquire into the disaster, brought down a scathing indictment of Air New Zealand.

The Commission ruled that the over-riding cause of the disaster was the airline's action in changing the aircraft's computer track without telling captain or crew. This was an error caused by "incompetent administrative airline procedures," said Mr. Justice Mahon.

In what must be some of the strongest language ever used in a Royal Commission report, or in criticism of an airline by a member of the judiciary, Mr. Justice Mahon also accused Air New Zealand of trying to cover up a series of disastrous administrative errors. He accused Mr. Morrie Davis, Air New Zealand's chief executive, of being the instigator.

He also declared he had been forced to listen to false evidence. "There was a predetermined plan of deception—clearly part of an attempt to conceal from the commission a series of disastrous administrative blunders. Reluctantly, I am forced to say I had to listen to an orchestrated litany of lies," he declared.

Mr. Davis, described by the Commisison as a "very able but evidently autocratic chief executive," late last night rejected the accusations.

Only a few years ago, when other international airlines were already flying into economic storms, Air New Zealand proudly boasted it was the only international airline increasing its profit. It had a good record and a proud name. Its profits had increased every year it had been in business.

Then, in just over three years, a series of mishaps and setbacks—many outside its control—have hit Air New Zealand's profitability, safety record and morale.

It is expected to lose between NZ$40m-50m this year, after last year's major financial setback which, ironically, was made to appear much less disastrous by the many millions of insurance dollars paid out for the crashed Antarctic DC-10.

Mr. Davis, an able, tough but aggressive personality, was a close friend of Mr. Robert Muldoon, the Prime Minister, and is generally believed to have been the major influence in persuading the Government to force through the merger of Air New Zealand and the former domestic airline, The National Airways Corporation, which aroused considerable opposition.

Internal passengers believe rapidly rising internal air fares are being imposed to help to subsidise increased losses of the overseas services. Tensions between the staff of Air New Zealand and the former National Airways Corporation personnel shattered staff morale. This has been further hit by the Antarctic air crash.

Oil price rises were a big blow to Air New Zealand, which also suffered considerably when its DC-10 fleet was grounded for many weeks after the DC-10 crash at Chicago's O'Hare airport.

It is widely believed that the Royal Commission report will lead to Mr. Davis's resignation. But a comment from Mr. Muldoon that nothing in the Royal Commission's report could take away the fact that Air New Zealand has been one of the world's best airlines may encourage the chief executive to stay on and rebuild Air New Zealand's reputation.

At the moment, however, Air New Zealand is a badly wounded bird.

Pinochet keeps his grip on Chile's economic experiment

BY MARY HELEN SPOONER IN SANTIAGO

AT A time when left-wing political movements seem to be gaining ground in Latin America, Chile's 7½-year-old military regime is providing a test case of whether strict free-market economics can benefit a population as effectively as state-run economic models. The regime led by Gen. Augusto Pinochet recently began eight years of "transition" rule. It remains to be seen whether the regime can spread some of its much-publicised economic successes to Chile's poor.

The economic overhaul began in 1975, with an austerity programme designed and implemented by a U.S.-trained team of economic advisers. The "Chicago Boys"—several had studied at the University of Chicago where Mr. Milton Friedman's economic theories are especially respected—succeeded in cutting Chile's inflation from as much as 700 per cent in 1973 to 31 per cent last year.

Inflation continues to drop, according to official statistics. The consumer price index rose by less than 3 per cent during the first quarter of this year, supporting government predictions for an inflation rate of approximately 20 per cent for this year.

Buoyed by this and other successes, the Chicago Boys are attempting to complete their plans for a total reorganisation of Chile's economic, administrative and political structures under Gen. Pinochet's authoritarian sponsorship. But in some cases the Chilean free marketeers are finding that their plans run foul of important Pinochet supporters.

The growing trend towards putting Chile's economy into private-sector hands has led to speculation that the state-owned copper company Codelco could eventually be denationalised. The copper industry was *nationalised during the ill-fated* Socialist government of President Salvador Allende in 1971.

The Pinochet regime has turned the smaller mines and copper deposits over to private enterprise, while maintaining ownership of the country's largest mines, including Chuquicamata, once owned by the Anaconda Copper Company, and El Teniente, previously owned by the Kennecott Copper Corporation. But pressure is mounting from more dogmatic members of the economic team to divest Codelco's holdings, even though such a move would ignite a wave of protest from nationalistic pro-Government groups.

"Pinochet would be committing political suicide if he tried to sell off Codelco," a diplomat in Santiago said recently. He noted that the nationalisation of Chile's copper industry was supported by all political parties—Left to Right—during the Allende years.

If Chile's Right-wing nationalists are putting limits on the Chicago Boys' economic designs, Chile's poor are exerting pressure too.

Gen. Pinochet takes the oath of office: will economic success reach the poor?

Shanty-dwellers have taken to public demonstrations to protest against the lack of decent housing. Groups of homeless families staged fasts and hunger strikes earlier this year in half a dozen Catholic churches and in the Swedish embassy, where they would be relatively safe from club-wielding *carabineros* and state security forces. Estimates of Chile's housing shortage range as high as 700,000 homes, with nearly 30 per cent of the population lacking proper shelter.

And the problem of unemployment and underemployment persists. Official unemployment in Greater Santiago is approximately 8 per cent, the lowest in years. But if the increasing number of Chileans taking part in the Government's minimum employment programme is taken into account, real unemployment *would be around 18 per cent.* The minimum employment programme, which some officials have argued should be abolished, pays less than $40 a month to workers labouring full time at menial jobs.

The standard response of the economic team to such problems has been that when Chile's Friedmanite system is fully installed and functioning, unemployment, housing shortages and the other problems of Chile's poor will be solved. But this process, they say, takes time, which is why Gen. Pinochet must keep a firm grip for at least eight more years and maybe *longer.*

Gen. Pinochet, by accounts, intends to do exactly that. In his speech on March 11, the day he swore himself in as Chile's constitutional President and moved his headquarters to La Moneda Palace, the traditional seat of Chilean Governments, Gen. Pinochet listed an impressive array of statistics showing improvements in the economy since the armed forces seized power. At the same time, he condemned Marxism 15 times, and issued what he said was a final call to his critics to abandon their opposition to his regime.

In a newspaper interview published last month, Gen. Pinochet denied being a dictator and announced there would be no Brazil-style *apertura*—an easing of restrictions on political activity—over the next eight years. Chile's fragmented opposition seems unlikely to pose any serious challenge.

The spectre of one-man military rule suggests that Chile's international image is not likely to improve, notwithstanding a recent thaw in relations with the United States under President Ronald Reagan's Administration. But Gen. Pinochet's Chile has so far managed to defy the harshest world criticism and diplomatic rebuffs, while enjoying increased foreign trade even with its arch-enemies in the Soviet bloc.

As long as Chile maintains some semblance of economic growth, Gen. Pinochet is unlikely to face any real threats. *The regime may well succeed* in wiping the once-effervescent political slate clean for a generation. But, if, by the time Gen. Pinochet leaves office, it cannot solve the economic difficulties of its poor—which brought the election of a liberal reformist president in 1964 and a Marxist president in 1970—Chile will find itself right back where it started two decades before.

Reagan to test strength of his new popularity

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan will tonight put his enhanced personal standing to the test in a nationally televised address to Congress which is intended to rally legislative and public support for his economic package.

It will be Mr. Reagan's first public appearance since he was shot on March 30 and he is guaranteed a rapturous reception by the joint session of Congress. Every public opinion poll has shown a sharp surge in public esteem for him.

But that has not prevented renewed public doubts about the policies of his Administration, at home and abroad. Mr. Reagan's prime task tonight will be to refocus wavering attention on what he has always designated as his first policy priority: enactment of radically different approaches to the problems of the economy.

It is significant that Senator Howard Baker from Tennessee, the Republican majority leader, reported over the weekend that the Administration would not ask Congress to authorise the sale of AWACS radar surveillance aircraft to Saudi Arabia for several months.

The proposed sale is in serious political trouble. A defeat on such a major issue could well encourage opponents of the economic package in the belief that the Administration is not as politically invulnerable as it thinks.

The economic programme suffered some setbacks before Congress adjourned for Easter. Republicans in Congress are confident that some of these can be reversed — such as the obstinacy of three ultra-conservatives on the Budget Committee who voted against the package because they believed it did not go far enough in cutting the budget deficit.

Much may depend on the reaction that Congressmen have received from their constituents during the recess. The Administration sent out officials to the districts of conservative Democrats, especially in the South, during the break, to warn people of the possible electoral consequences of not supporting the President.

It remains true that there is a much greater congressional disposition to cut Government spending than to commit the country to the three-year tax cutting regime embodied in the Reagan programme.

Congressional Democrats have stolen a march on the Administration by producing proposals that imply a budget deficit well under the levels projected by Mr. Reagan's advisers. Yet the President continues to insist that there can be, in the words of the Treasury Secretary, Mr. Donald Regan, "co-operation but no compromise" on the tax issue.

The recent strength of the economy has caused many to question the wisdom of pursuing what appears to be an expansionary fiscal policy at this stage in the cycle. But Mr. Reagan seems certain to appeal to the legislature to swallow such doubts and to have faith in his experiment.

GD costs investigation has criminal aspect

BY DAVID BUCHAN IN WASHINGTON

THE JUSTICE Department is carrying out a criminal investigation of allegations that General Dynamics, the largest U.S. defence contractor, falsely stated its costs for building submarines, a spokesman for the department stated yesterday.

But officials at General Dynamics, which has denied the allegations, said the inquiry before a grand jury started early in 1979. Thus, the investigation is not a new development in the public row that has flared between the Reagan Administration and the company over the Trident submarine programme. Though disputes between Washington and its defence contractors are usually acrimonious, criminal charges are rare.

At issue in this case are cost-overruns on some attack submarines built in the late 1970s. But the very sharp criticism from the Administration and Mr. John Lebman, the Navy Secretary, has focused on the fact that the electric boat division of GD is several hundred million dollars above, and two years behind, its estimate for building the first Trident submarine, the Ohio.

The Administration's concern springs from the fact that the Trident missile system *is the* only modernisation of the U.S. nuclear arsenal actually under way. Despite President Reagan's big defence boost, he has not proposed any new nuclear weapons systems so far.

Condemning the "inefficiency" of GD's boat division, Mr. Lehman announced recently that the navy would renegotiate its option for a ninth Trident submarine—the first eight are all in various stages of construction by GD. He added that if GD could not do the job, the Administration might consider having Trident submarines built in Government yards or abroad.

Securities industry divided on Glass-Steagall changes

BY PAUL BETTS IN NEW YORK

THE CONFLICT between U.S. commercial banks and securities firms over the new financial services which brokerage and investment houses offer in the U.S. has become a burning issue at the Securities Industry Association's annual spring meeting in Bermuda.

Mr. Ralph Denunzio, chairman of the association and president of the Wall Street firm Kidder Peabody, said yesterday that it was "the major issue of the day."

The issue has been simmering for several months, but the recent rash of large Wall Street takeovers has fueled the dispute. Major U.S. banks have been particularly concerned over the Prudential Insurance Company's $385m acquisition of the Wall Street Bache Group and last week's proposed acquisition by American Express of Shearson Loeb Rhodes, the second largest Wall Street securities firm for more than $800m.

Mr. Denunzio said the current debate centres on the Glass-Steagall Act, introduced in 1933 during the depression to separate commercial banking from investment banking. But banks and brokers have recently been competing increasingly to offer similar services, including the private placement of debt, the underwriting of commercial paper and mutual fund services. Moreover, securities firms are now offering services very similar to ordinary bank accounts.

Commercial banks have argued that with such services Wall Street has encroached on its territory and they should therefore be allowed to engage in activities restricted to securities firms under the Glass-Steagall legislation.

The securities industry is divided. Mr. Denunzio said yesterday: "There is a strong feeling among many firms that the Glass-Steagall Act is as valid today as it was in 1933. Others feel it should be modified or changed and some feel it should be eliminated."

Xerox unveils 'spearhead' office information system

BY GUY DE JONQUIERES

XEROX, the U.S. copier manufacturer, yesterday unveiled an information system which is expected to spearhead its move into the growing market for advanced office automation equipment.

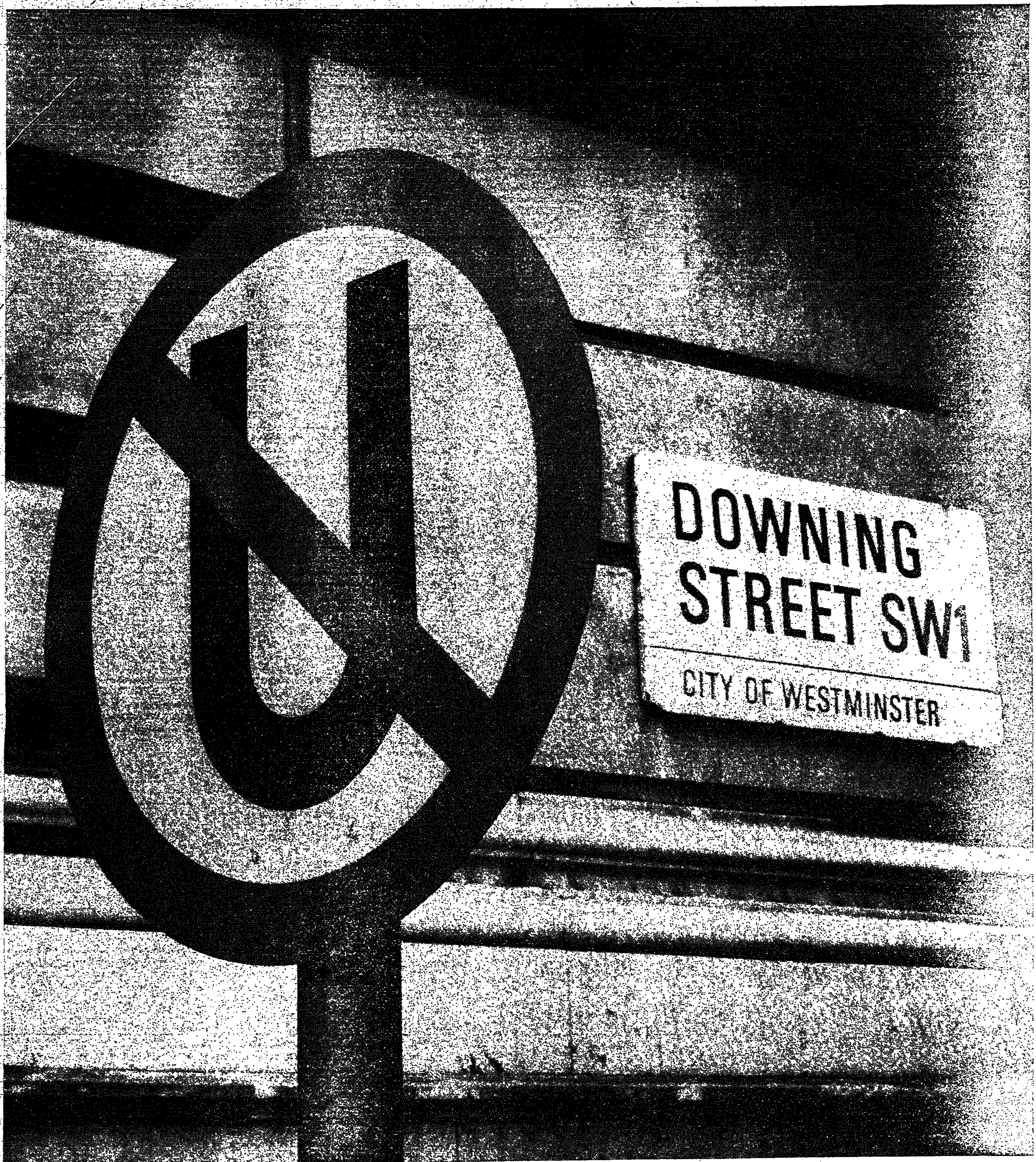
The system, known as the 8010 Star, is the result of 10 years' research. The announcement has been keenly awaited b ythe business equipment industry in the U.S.

The Star is exceptionally versatile, combining computing, text-editing, graphics creation and communications in a single terminal which embodies several innovative features designed to make it extremely easy to operate.

The various functions which the system can perform are displayed as symbols on a screen and are selected by moving a pointer and pressing a key. This means that the operator does not have to remember and type in individual commands.

Xerox claims that a user can master the Star's basic functions after a four-hour training course which is offered with the system. One operator can carry out typesetting, page layout, printing, filing, mailing and simple graphics.

Xerox will market the system in the U.S. from September at a price of $16,595 or a monthly rental of $695. It will be distributed throughout the world next year by Rank Xerox at a somewhat higher price.



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Japan attempts to resolve car exports dispute with U.S.

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN will attempt to resolve its dispute with the U.S. over car exports by issuing a statement before the end of this week on the numbers of cars expected to be shipped to the U.S. during 1981.

The statement will come either from the Ministry of International Trade and Industry or the Japan Automobile Manufacturers' Association.

The figure for 1981 exports seems likely to be pegged at 1.7m units—compared with last year's actual shipments of 1.82m. But considerable last minute adjustments are possible as a result of continuing discussions between U.S. and American officials.

Two senior officials of the Ministry of International Trade and Industry left for Washington on Sunday night for a brief round of talks which will be followed by discussions in Tokyo on Wednesday and Thursday with Mr. William Brock, the U.S. Special Trade Representative.

After Mr. Brock leaves on Friday, May 1, the Government—or the car manufacturers' association — will "unveil" the 1981 export projection.

Japan is hoping that the issue of a simple statement—rather than the immediate introduction of mandatory controls over car exports—will be sufficient to defuse the pressures which have been building up in Congress for the introduction of import-curbing legislation.

It is admitted, however, that the whole exercise will be something of a gamble and that tougher negotiations leading to some legal restraints on exports might be unavoidable.

Legal apparatus exists in Japan for curbing exports of particular products to individual overseas markets in cases where a "crisis" is shown to exist.

One reason why the government hopes to avoid the use of legal restraints to settle the car issue is that the imposition of hard and fast controls on shipments to the U.S. might trigger demands for similar controls on exports to Canada and the EEC.

Officials admit that they are concerned about repercussions in Europe even of non-mandatory export restraint in the U.S. How to handle possible European requests for export restraint is something which is "under consideration at this moment," according to one official.

A major risk which Japan runs in opting for a "soft" approach to the problem of restraining car exports to the U.S. is that car manufacturers who restrict their shipments to agreed levels could risk prosecution under the U.S. anti-trust laws.

The Ministry of International Trade and Industry has tried to obtain assurances that this will not happen, but the legal position seems ambiguous. Consumer associations provoked by shortages and high prices of Japanese cars that might follow from a reduction in export levels are among the organisations that could be tempted to sue.

Japan's share of the U.S. car market averaged 22 per cent during the first three months of 1981, a level which is close to the peak of 23.7 per cent achieved in July last year. However, shipments—as opposed to registrations of cars already exported—began falling well below year ago levels from February onwards. The decline in shipments in February and March is being taken as an indication that Japanese car makers are aware of the need for restraint, even though individual companies have protested publicly against the Government's moves to limit exports.

Reuter reports from Tokyo: Japan's steel exports in the fiscal year 1980 ended last month fell 5.8 per cent to 29.57m tonnes from 31.40m the previous year, the Japan Iron and Steel Federation said.

Exports to the U.S. fell 22.9 per cent to 4.96m tonnes from 6.43m in fiscal year 1979, the Federation said without detailing other statistics.

European Commission to boost anti-dumping duty

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission is proposing to boost a 10.6 per cent preliminary anti-dumping duty on imports of U.S.-produced vinyl acetate monomer to a full final duty of 14.27 per cent.

This additional protection for EEC producers which should soon be endorsed by member governments is based on a Commission assessment that widespread dumping has enabled U.S. manufacturers to boost their share of the Community's vinyl acetate market from 16 per cent in 1979 to 32.3 per cent last year.

The preliminary duty was imposed in December since when Commission officials have studied the U.S. companies' pricing behaviour for 1980 in both the U.S. and the EEC.

Three companies, however, will benefit from lower duties: Celanese Chemical, which was excluded altogether from the preliminary duty, will carry a 12.92 per cent duty, Union Carbide 14.02 per cent and Gantrade Corporation 2.63 per cent.

Vinyl acetate is widely used in the manufacture of paints, adhesives, synthetic textiles and some plastics. According to the Commission imports from the U.S. climbed from 33,894 tonnes in 1979 to 55,415 tonnes in the first nine months of last year—an annual rate of increase of 101 per cent.

It says that the total market share of dumped imports rose from nothing to 22.7 per cent for 1980, bringing with it sharp decreases in EEC prices and losses for Community producers.

American miners' strike begins to bite

BY MARTIN DICKSON

THE MONTH-LONG U.S. miners' strike is starting to have a serious impact on coal exports, with traffic through the main port of Hampton Roads, Virginia, reduced to a trickle.

The strike, by 160,000 members of the United Mineworkers' Union, over a new three-year contract with employers, comes at a time when international coal supplies are already tight because of the political upheavals in Poland. There are no signs of an early end to the dispute.

But the strike is having little effect within the U.S. because of continued production at non-union pits and large pre-strike stockbuilding by electricity companies.

Most U.S. coal exports come from the eastern area of the country, particularly affected by the stoppage, and supplies which were in the pipeline when the strike started on March 27 have begun to run out.

The Chessie System, one of two railroads serving Hampton Roads, reports that for the first time since the strike began it had insufficient coal last Friday to load a vessel.

Norfolk and Western, the other railroad to the port, said that its loadings had dropped to between 25 and 33 per cent of normal. However, in the first ten days of April it had been exporting substantially more coal than normal—110,000 tonnes a day compared with an average of 80,000 last year.

Hampton Roads exported 65 per cent of 1980 U.S. coal exports—44m tonnes. Exports have also been reduced at other U.S. ports including Baltimore and Mobile, Alabama.

Officials at the National Coal Association, the U.S. industry's co-ordinating body, hope that if if the strike is settled quickly the country may still be able to top its 1980 export figure of 66m tonnes (excluding sales to Canada) but say that if the strike goes on for long up to 450,000 tonnes a week will be cut from the total.

The stoppage has also sharply reduced the number of vessels waiting to load coal at Hampton Roads. Sudden demand for U.S. coal meant that before the strike up to 150 vessels were queuing. Less than 50 are doing so now.

However, port officials expect the congestion problems to return when the strike is settled.

In an attempt to alleviate the congestion problems and the large demurrage charges which result, the two railroads, which operate the port's coal loading piers, have recently introduced new queuing systems.

The Chessie has been allowing ships to sail away after first physically registering in port and being allocated a day on which to return.

N and W has been offering contracts to customers which allow them to jump to the front of the queue. The customers must have contracts for a minimum tonnage for at least two years and must be able to gather the coal shipment from a limited number of mines and in a limited time. In return for this, the railway offers the shipper a berth on a specific date with financial penalties on each party for non-compliance.

The contracts are geared to the capabilities of larger customers—such as European steel producers and electricity utilities—and to the larger mines. They have, therefore, stirred strong opposition among smaller operators who have had vessels waiting off Hampton Roads for up to 60 days.

The Massey Coal Export Corporation filed a complaint with the Interstate Commerce Commission, the government regulatory body, complaining that these contracts broke the N and W's obligations as a "common carrier." However, the ICC rejected the appeal.

N and W argues that the new system could make its operations up to 20 per cent more efficient and says that it has contract commitments for about half its 1981 export orders.

It is only able to make these contracts because of the passage by Congress late last year of the Staggers Act to deregulate the railroads. Under previous regulations, long-term contracts were regarded as an offence.

The act has been generally welcomed as a boost for both the railroads and the coal trade but its implications for rail export freight rates will not be clear until the commerce commission rules on two petitions.

Indonesia signs £6.5bn LNG deal with Tokyo

BY RICHARD COWPER IN JAKARTA

PERTAMINA, THE Indonesian state oil company, yesterday signed an agreement to sell 66m tonnes of liquefied natural gas to two Japanese power companies over a period of 20 years beginning in 1984.

The deal, the second of its type to be signed this month is likely to bring Indonesia gross earnings of over $15bn (£6.5bn) at current prices.

Tohuku Electric will buy 2.9m tonnes a year and Tokyo Electric will purchase 400,000 tonnes a year.

The agreement is essentially the same as the one signed earlier this month with four other Japanese utilities. This initially pegged the price of Indonesian LNG at $5.87 per million British thermal units and linked future price increases to the average price of Indonesian crude.

The LNG will come from a two unit expansion of Indonesia's existing plant at Arun in North Sumatra. A contract for the $800m-$1bn expansion is expected to be awarded soon.

Japanese trading companies and buyers have already agreed in principle to provide finance. Present at the signing ceremony was the man who could be said to have originally conceived the country's LNG industry, General Ibnu Sutowo.

Bandar Khomeini pledge

TOKYO — The Japanese Government said yesterday that it continued to support the $3.6bn (£1.6bn) joint venture with Iran to build a petrochemical complex at Bandar Khomeini.

Mr. Rokusuke Tanaka, International Trade and Industry Minister, told Parliament that Japan's Mitsui group had not consulted him about its decision last week to withhold further funding of the 85 per cent-completed project.

"Neither have I approved it," he said.

Mr. Tanaka said there was no change in the Government's policy of promoting the project, but added that it would be irresponsible to resume construction without knowing the full extent of damage caused to it in the Iran-Iraq war.

Japanese newspapers have said that bombing by Iraqi aircraft had caused about $800m damage.

Mitsui said last week that circumstances made continuation of the project impossible. Reuter

Thomson wins Egypt contract

By Michael Donne, Aerospace Correspondent

THOMSON-CSF of France has won a Frs. 300m (£26.7m) contract for the modernisation of Egypt's air traffic control system.

The contract, which was fiercely contested by European and U.S. companies, includes setting up an air navigation centre in Cairo, providing radars for en route air traffic, and communications and data display equipment.

At the same time, Thomson-CSF is to carry out the modernisation of the aeronautical telecommunications networks and navigation aids throughout Egypt. This will involve the installation of more than 200 transmitters.

The contract is due for completion before the second half of 1983.

Leyland wins £2.5m Nigeria order

LEYLAND VEHICLES, the BL subsidiary, has won a £2.5m order to supply 100 Landtrain trucks to the Alhaji Chanchangi haulage group based at Kaduna State, Nigeria, writes Kenneth Gooding.

The Landtrain range consists of rugged, bonneted heavy trucks specially designed for the exacting conditions of Africa, the Middle East, Latin America and the Far East.

The 36-ton articulated Landtrains for Nigeria will be built at Leyland's Wolverhampton plant and deliveries will be made over the next four months.

- ROSE FORGROVE, the Leeds-based member of the Baker Perkins Group, has signed its second £3m contract in six months with V/O Techopromimport of the USSR.

This contract is a repeat of the first contract—announced last November — to supply tea cartoning machines, weighing and case-packing equipment to various factories in the USSR.

Delivery will commence in February, 1982, and manufacture will be at the company's Gainsborough, Lincolnshire, factory.

- Contracts worth some £2m have been placed with Wallop Industries to equip some 33 vessels of three foreign navies with the Company's "Barricade" anti-missile decoy system. Originally conceived by Wallop, the present system is a joint development with Aish and Co. of Poole, Dorset, one of the UK's leading manufacturers in areas of advanced technology, and which is responsible for the fire control plus rocket-launcher system.

- Herbert Parkes and Nephew, a member of the McArthur Group, has just won its biggest order worth £1.2m to the Sudan. The order was won in the face of stiff competition from more than 30 international companies.

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Industry ponders switching from oil to coal—or waste wallpaper

As fuel oil sales drop, the National Coal Board is trying to avert the problems of overproduction and oil companies are diversifying, **Ray Dafter** *reports*

THE NATIONAL Coal Board is processing almost 1,000 inquiries from UK industrialists considering switching from oil to coal for fuel.

If the inquiries lead to orders NCB sales, in four or five years, could be boosted by more than 5m tonnes of coal annually—worth £150m to £200m at current prices.

The increased sales would ease some of the problems of the board, which now finds its miners producing too much coal for the market. The NCB's undistributed stocks have risen to 21.3m tonnes, 9m more than the level this time last year.

Normally the board would hope to emerge from winter with a stockpile of 11m to 12m tonnes.

To help finance the excess of stocks the board is considering issuing bonds to financial institutions. Such a scheme—at a very early stage of assessment —would involve the issue of bonds worth perhaps £150m-£200m to cover the cost of 5m tonnes of stocks.

But such a move would merely be a financial palliative. The Coal Board needs to increase sales, which is where the interest of industrialists comes in. A new survey of UK industrial boilers has revealed that nearly 40 per cent of the 15,000 steam-raising units are over 20 years old.

The survey, conducted for Westinghouse Electric by the Metra Consulting Group, points to the need for more efficient boiler systems. Westinghouse estimates that, with small boilers alone, lack of effective and reliable controls for efficient combustion is costing British industry over £50m a year.

The survey also highlights the potential for fuel substitution—in coal's favour. Although oil-fired boilers were found to be by far the most popular, the number of gas and coal-fired installations was growing again, especially in the smaller range of units and particularly for the category of 35,000-200,000 lb per hour of steam.

Against this background the UK arm of Petrofina, the Belgian oil major, has decided to move into the British coal industry. It is buying Energy Equipment Company, of Leighton Buzzard, Bedfordshire, a small boiler contractor which has been developing its own fluidised bed technology, and increasing to 76 per cent its stake in Hercock Simpson Holding Company, which, among other interests, is involved in fuel oil and coal distribution.

Petrofina UK says the acquisitions will enable it to offer a package deal to companies considering a switch from oil to coal. The group could give technical advice o nboilers, instal the necessary facilities and provide the coal.

Such an arrangement — being canvassed for the first time by a big oil company — is similar to industrial packages offered by the National Coal Board.

However, the NCB is not faced with the problem of replacing dropping fuel oil sales. Petrofina UK, which holds a 3.5 per cent stake in the UK heavy fuel oils market, has seen the overall demand for oil drop dramatically because of the economic recession and industry's growing interest in coal burning.

Latest Government figures show that UK deliveries of fuel oil last year dropped to 19.16m tonnes, 30.3 per cent down from the previous year's level, and in sharp contrast to the 1975-78 period, when demand was running at an annual level of 27m-30m tonnes.

So far this year there has been little improvement in the fuel oil market.

So while big oil groups like British Petroleum and Royal Dutch/Shell are trying to become more involved in the international exploitation and distribution of coal, Petrofina UK has decided to concentrate on its traditional territory, the sharp end of fuel distribution.

Mr. Pierre Jungels, the company's managing director, said the deals were "a logical move in the field of energy distribution.".

In this case, the trend and the spirit of the diversification is more important than the money involved. It is doubtful whether the two deals together will involve an initial investment of more than £3.5m.

Hercock Simpson, a Leicester group, is hardly in the big league of UK coal distributors. But it does rank among the more important of the private companies.

Mr. Geoffrey Stokes, chief executive and managing director of Hercock Simpson Holding Company, said yesterday the increased shareholding of Petrofina (it formerly held a 25 per cent stake) would enable the company to spread geographically. At present it concentrated on the Midlands, and southwestern and eastern UK.

In addition the company was also aiming to distribute British coal in overseas markets.

For Energy Equipment the Petrofina link should provide greater financial stability and backing. The company, 48 per cent owned by the National Enterprise Board, traded at a loss last year.

Energy Equipment will be established as the technical centre of Petrofina UK's new coal interests.

At the same time the company will continue to develop its fluidised bed technology, which can be used with coal and other combustible products. Among the waste fuels successfully burned at Energy Equipment's test unit at Olney, Bucks, have been wet coffee grounds, flax, paper, wood chippings, raw city refuse and lignite.

This flexibility could become extremely important as conventional fuels become more expensive. Hence Petrofina hopes to market more aggressively the sort of unit sold by Energy Equipment recently to a farmer east of Paris. The fluidised bed burner, now being used to run a dryer for animal feed crops, can be fuelled with coal, wood or waste wallpaper.

Weedkiller fears 'whitewashed' union claims

BY SUE CAMERON, CHEMICALS CORRESPONDENT

AGRICULTURAL workers yesterday accused the Government's official Advisory Committee on Pesticides of doing a "whitewash job" on the dangers of the weedkiller 245-T.

The attack came in a report —Pray Before You Spray— published by the National Union of Agricultural and Allied Workers. The report claims new research from the U.S. shows that people exposed to 245-T are 40 times more likely to suffer from a rare kind of tissue cancer. But it adds that the committee "glosses over any evidence which does not fit in with its theory that 245-T is safe to use."

The Ministry of Agriculture, Fisheries and Food and the British Agrochemicals Association remain unmoved by the union's claims.

The BAA said the "new evidence" produced by the union was based on a study of 425 workers in the U.S. employed by Dow or Monsanto — two major U.S.-based chemical companies. Four of people studied had had cancer —but there was no proof that they had contracted the disease as a result of exposure to 245-T at work.

The BAA also revealed that the amount of the active ingredient of 245-T used in the UK last year was considerably lower than in the year before —58.22 tonnes in 1979 and only 38.51 tonnes last year.

The Ministry said it has no plans to ban 245-T.

Distillers to launch new whisky next month

BY GARETH GRIFFITHS

THE Distillers Company is to launch a new brand of whisky next month to try to increase its market share and improve its product range for smaller sized distributors.

The whisky is to be called Old Mull and will be produced by White Horse. The brand will be slightly dearer than Claymore, DCL's cheapest brand, although no final price has been agreed because pre-Budget stocking has caused prices to fluctuate.

DCL hope Old Mull will take about 1 per cent of the UK market. Unlike Claymore, which is only sold to large scale distributors in minimum lots of 180 cases, Old Mull will be available for smaller off licences, brewers and supermarkets.

The Old Mull launch follows February's decision by DCL to reintroduce its John Haig Dimple brand, withdrawn from the UK market three years ago. In sharp contrast with Old Mull, the Dimple brand is a 12-year-old aimed at the top end of the market.

Claymore sales have gone well and the brand accounts for about 7 per cent of the total home market. However, Haig, DCL's most popular British brand, continues to decline and is likely to be overtaken by Claymore.

The company says the Dimple launch has been successful and DCL's overall market share has stabilised at between 20 per cent and 25 per cent of total home whisky sales. Distillers produces about half of all Scotch whisky.

Monday Club proposals to repatriate immigrants

BY GARETH GRIFFITHS

THE MONDAY CLUB, the right wing pressure group, is to campaign in the Conservative Party for the voluntary repatriation from the UK each year of up to 50,000 members of ethnic minorities.

It will also seek abolition of the Commission for Racial Equality.

The Monday Club says in a report published yesterday that the commission fails to understand the effects of immigration from the New Commonwealth countries and Pakistan.

It claims there are about 20 Conservative MPs who support such proposals and abolition of legislation against racial discrimination.

Mr. Harvey Proctor, Conservative MP for Basildon and the report's main author, said the decision to publish the document had been taken before the events in Brixton. But it would not take many riots on the scale of that and Bristol to make many Conservative Parliamentarians reconsider the issue.

He said any repatriation programme would have to include resettlement grants for those taking part, although the Monday Club says it does not know what a suitable sum would be.

The proposals would cover those born in the UK of ethnic minority groups as well as immigrants.

The Monday Club has sent its proposals to the Prime Minister and the Home Secretary.

Mr. Proctor said younger members of the Tory Party showed a greater interest in immigration and the ethnic minorities and that official figures underestimated the number of ethnic groups in the UK.

Viking Congress planning first Isle of Man meeting

FINANCIAL TIMES REPORTER

THE VIKING CONGRESS, which discusses the influence of the Vikings on the lands they colonised, between the eighth and tenth centuries, is to meet in the Isle of Man for the first time.

The Congress will open in Douglas on July 4 and two days later will attend the open-air sitting of Tynwald, the Manx parliament. There, members will see a ceremony which has changed little since the Viking kings of Man and the Isles founded Tynwald over 1,000 years ago.

More than 100 delegates are expected for the congress, held every four years. They are coming from Norway, Sweden, Denmark, Iceland, the Faroe Islands, Ireland and the UK as well as the Manx team.

Papers on the Viking invasion of the British Isles will be presented. The English are particularly interested in one dealing with the work being done at the Coppergate site in York.

As well as the visit to Tynwald, the delegates will go to Peel, a fishing village at the south of the island. There they will see a replica Viking longship, Odin's Raven, which sailed from Norway to the Isle of Man in 1979.

They will also go to a new museum dealing with the Island's Viking heritage.

Prestel to raise fees by a third

Financial Times Reporter

PRESTEL, the British Telecom viewdata service which connects an adapted television set to a computer database by a telephone line, is to raise its charges by a third.

The cost of using the Prestel computer will rise from 3p to 4p a minute from July 1, at the standard rate. The cheap rate charge of 3p for a 3-minute unit is changing to 4p for 4 minutes.

Prestel users also pay the cost of a local telephone call to the computer and any charge for looking at a page made by the information provider. Business users pay a £12-a-quarter service charge which is not being increased.

Plans for a peak-rate charge of 5p a minute have been postponed and will not be introduced this year.

Liverpool will demolish flats hit by vandals

LIVERPOOL Corporation has been given the go-ahead to demolish another 450 flats and maisonettes, this time on the Belle Vale housing estate at the south end of the city, because of vandalism and their unsuitability for family life. The flats, in a series of four-and six-storey spine blocks stretching for half a mile across the estate, were built eight years ago at a cost of £3m.

The corporation, which will lose all subsidies, will have to pay annual loan charges of more than £400,00 over the next 50 years, or an overall £20.5m. A fortnight ago the corporation agreed to demolish three high-rise blocks of 520 flats in the adjoining Netherley housing estate built 10 years ago at an initial cost of £2.5m, leaving it to pay substantial loan charges.

Domestic orders pick up for engineering industry

BY ELAINE WILLIAMS

SLIGHTLY brighter domestic prospects for the engineering industry were noted in last week's British Business, the Department of Industry magazine.

The department says that after a severe decline lasting more than a year, new home orders have improved slightly although the improvement has not yet appeared in domestic sales figures, which continue to decline.

The downward trend for export sales has also continued, with a fall of 9 per cent between October 1980 and January 1981.

Overall, the department says the picture for the engineering sector as a whole remains subdued with orders more than 10 per cent lower than a year ago.

The trend is also reflected in the total sales for the metal-working machine tools industry. These continue to decline steadily. Export sales, however, are falling more slowly than those to the home market.

The department says that the inflow of new orders from both home and overseas has improved slightly in the last few months although it sees little immediate prospect of a reversal in overall decline.

Caledonian group chairman attacks airport disruption

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CALEDONIAN Airways group of aviation, travel and hotel companies earned a pretax profit of £9.7m in the year ended October 31, 1980, compared with £6.6m in the previous year.

The airline-member of the group, British Caledonian Airways, *contributed* a *trading* profit of £3.12m, down on the previous year's trading profit of £4.83m.

Announcing these results yesterday, Mr. Adam Thomson, group chairman, said they had been achieved during a difficult year when the results for the world airline industry as a whole were the worst it had ever experienced.

Mr. Thomson was critical of the air traffic controllers, "rolling dispute" of disruption at major UK airports, which he said *would cost British Caledonian* about £250,000 a day.

The entire UK air transport industry could be severely affected if the disruption continued, and many airline jobs could be jeopardised.

"Airlines are in a particularly vulnerable position at present, having just come through 1980, the worst year in civil aviation history, with accumulated losses of $2.5bn (£1.13bn). Losses in Europe and the U.S. have been running at about $1m a day," he said.

The air traffic controllers' strike hit one of Britain's few successful industries. "British civil aviation is among the very best in the world, second only to the U.S. All of us in aviation—airline staff, customs and *immigration officials*, and air traffic controllers—are mutually responsible for achieving and maintaining our prominent position.

"If, however, industrial action of this kind continues, we will surely lose credibility. The overseas passenger, fed up with our strikes causing delays to flights and endless queues at *immigration, will by-pass London* in favour of other European gateways."

Mr. Thomson said the current spate of strikes was "exacerbating an already serious situation for airlines, and I hope that the air traffic control and other airport personnel fully realise that the actions that have been perpetrated could result in the tragedy of airline personnel joining the ranks of the unemployed."

Mr. Thomson also criticised the current "*lemming-like rush* towards lower and lower air fares, at a time when airline costs are escalating alarmingly.

"The world's airlines are becoming their own worst enemies, and are second only *and individuals who feel* they have a God-given right to fly to some irresponsible groups cheaply regardless of how much it costs an efficient airline to operate.

"They choose to forget that the subsidy must come from airlines' stockholders who, in the case of international aviation, are mainly taxpayers who support the government-owned airlines.

"In many cases the taxpayer who cannot afford to fly subsidises those who travel by air."

Giving details of the Caledonian group's annual results, Mr. Thomson said that total turnover showed an increase of £52m to the record level of £252.36m.

Although the profit of British *Caledonian* Airways itself is lower, it remained one of the few scheduled airlines to stay profitable during 1980.

Looking towards *1981*, Mr. Thomson said the problems of last year were still present. He sought a consolidation of the position through extensive marketing to improve load factors and yields on existing routes.

"The major route expansion of 1980, including the new route to Hong Kong and new services to the U.S., has to be digested, *and no* further significant growth of the network is planned for this year.

"Further into the future, we are awaiting the outcome of licence applications to serve Australia," said Mr. Thomson.

"*Figures suggest that we are* already one of Europe's most efficient producers of airline seats, but this has been offset for many years by having one of the lowest load factors in the industry.

"Although we recognise the fact that it will not be easy to increase the level, the potential for improved profiability exists."

● Laker Airways has applied to the Civil Aviation Authority for rights to fly between Hong Kong and North American cities—Vancouver, Seattle, San Francisco and Los Angeles—via Guam and Honolulu.

A public hearing into the *application* began in London yesterday. Laker's plan is opposed by British Airways, British Caledonian and Cathay Pacific Airways.

Laker is still awaiting the outcome of its bid for the London-Hong Kong route, but has decided to press on with the bid for trans-Pacific rights, so as to try to create a round-*the-world* Skytrain low-fare operation as soon as possible.

Obstacle to Maxwell's BPC bid removed

By Andrew Fisher

THE LAST-MINUTE threat to Mr. Robert Maxwell's £10m plan to rescue the ailing BPC publishing group was removed *yesterday* with the settlement of a North London plant dispute.

BPC said that talks with officials of the Society of Graphical and Allied Trades (Sogat) had led to uncon*ditional* agreement enabling the plan to go through.

Through his family company Pergamon Press, Mr. Maxwell *is putting* £10m into BPC to bring his holding up from under 30 per cent to nearly 77 per cent.

Shareholders of BPC approved the deal on Friday, but its implementation and the payment of the £10m cheque was held up until settlement of the dispute at the Park Royal factory of Waterlow, the BPC subsidiary which prints the Radio Times and The Listener.

"I've paid in the £10m and BPC has survived, thanks to these agreements," said Mr. Maxwell yesterday. BPC said the agreements covered retirement of workers over 65 years old and commercial manning arrangements.

Building employer attacks cuts

CONSTRUCTION PROJECTS *vital* to Britain's social and industrial regeneration are being sacrificed by Government "as an easy alternative to cutting *bureaucracy*," Mr. Morrison Dunbar, president of the National Federation of Building Trades Employers' said yesterday.

Speaking to Federation members in Liverpool Mr. Dunbar said that every 1 per cent increase in public sector salaries cost the taxpayer £300m. The same amount of cash spent on capital projects would provide 15,000 houses or 150 miles of motorway.

Mr. Dunbar added that a 1 per cent increase in public sector pay was the equivalent of almost doubling "our hospital building and maintenance programme."

"That is why it is crucial that the Government does not give in to demand of the civil servants in the present dispute."

Top prices for Islamic art

A MAMLUK enamelled and gilded glass mosque lamp, made *in Egypt or Syria* in the late 14th century, sold for £33,000 at Sotheby's yesterday to the London dealer *Eskenazi* who will have to pay an extra 11.5 per cent in premium and VAT. The other major lot in the sale of Islamic works of art, a large Iranian aquamanile in the form of a lion, dating from around 1300, failed to find a buyer, but the auction generally did well.

In the morning session of oriental manuscripts and miniatures, an encyclopaedia of philosophocal science, produced at Shiraz about 1410 with many geometric and astronomical diagrams in gold, sold for £14,000, way above forecast, and an Armenian manuscript of the 17th century, attributed to David and concerned with philosophical matters made £12,000.

Insolvency law proposals ready

WIDE-RANGING proposals to modernise Britain's complicated insolvency laws and make it easier for troubled companies to call in outside help are being sent to Mr. John Biffen, Trade Secretary, by the Insolvency Law Review Committee, set up four years ago.

Now! falls foul of the curse on Fleet Street news magazines

Alan Pike looks at the failure of Sir James Goldsmith's news weekly

"EVERY TIME I walk down *Fleet Street, I am amazed—as* I'm sure you are too—that we are the only major country in the free world without its own *weekly news magazine*."

Thus Sir James Goldsmith explained his decision to invest in the ambitious new magazine Now! during the elaborate advertising campaign which launched it in September, 1979.

News magazines are to Fleet Street what Macbeth is to the theatre. Glorious opportunities apparently carry the guarantee of bad luck for those who try to exploit them, and yesterday's failure of Now! after such a brief life has done nothing to lift the curse.

Sir James was far from the first person to ask why Britain did not have its own news maga*zine. The lack of a British* equivalent to Time, Newsweek, Der Spiegel or L'Express has long caused debate in the *British newspaper industry*.

According to the conventional wisdom the answer is in the nature of the industry itself. *Britain*, unlike other places where news magazines flourish, has a far more substantial national press.

Even more important in this respect than the national dailies are the Sunday newspapers, which, with review sections, colour magazines and an increasing tendency to report the background to news, have taken on a news magazine role.

In spite of all this, Sir James decided to enter what most observers in the industry regarded as a perilous market. With a launch budget of some £2.5m—the first substantial part of which was spent in other newspapers because Now! appeared at the time of an independent television strike—the public was offered "something entirely new in the British press."

If Now! was to succeed, Sir James and the team of *journalists which* he brought together had to change British reading habits and convince a lot of relatively up-market readers that they *should* spend 50p—and more recently 60p—a week on the magazines. Sir James conceded yesterday that this had proved too great a challenge.

After the burst of public interest which usually accom*panies the launch of a publica*tion, the circulation of Now! began a downward journey. By the middle of last year it had *dropped to just over 135,000* copies a week and, by the end of the year, was down to 119,000.

In recent weeks the circulation has shown *some signs of* rising again—current sales are put at 125,000. But losses were still around £2.5m per year net of tax.

Advertising was alway the key to the magazine's success and it has proved disappointing. When *Now! was launched*, there was not only a television strike—the Sunday Times was also closed down by the year-long wrangle between the previous owners *of* Times Newspapers and the print unions.

Had the Sunday Times not returned the fate of the new magazine might have been different. But two months after the Now! launch it was back, and its return was *felt* throughout the quality press advertising market.

Now! has failed to establish itself as essential with enough of the British public, and with advertising agencies and their clients.

Sir James illustrated this graphically yesterday by pointing out that last week's issue of Now!—the last—and the current L'Express, which he also publishes, contained a similar amount of editorial matter. But L'Express has 254 pages against 100 in Now!.

Statistics compiled by Media Expenditure Analysis for 1980 placed Now!, among all national publications and television stations, in 52nd position on the basis of advertising revenue calculated at rate card costs. By comparison the Sunday Times magazine was 17th, the Observer magazine 21st and the Sunday Telegraph magazine 22nd.

Sir James *stressed* yesterday that he regarded the magazine as a journalistic success. The closure resulted from a mixture of reasons including lack of advertising support in a difficult market.

Sir James calculated that he had spent between £5m and £6m on Now! after tax. On the basis of such expenditure, it may be *some time before anyone else* risks the curse of the British news magazine and tries again.

THEN AND NOW: Sir James Goldsmith (above) at the launch of the magazine; Below, the final issue.

MLM group to close packaging factories

By Robin Reeves, Welsh Correspondent

MLM (Packaging) Group is to close three of its eight factories, with the loss of 225 jobs.

The main shutdown is at Saltney, North Wales, where the group's No-Nail Boxes factory is to close by August, losing 150 jobs. Two smaller units in Glasgow and the Isle of Dogs, London, are also to close.

The group, a subsidiary of Montague L. Meyer, timber importers, manufactures packing cases, boxes and containers for export packaging.

Mr. Ian McDougall, chairman of No-Nail Boxes, said they had suffered substantial losses over the past eight months, despite aid from the Government's short-time working compensation scheme. The company had decided cuts were needed since many customers had closed or had greatly reduced their require*ments*.

The No-Nail Boxes workforce yesterday decided to fight the closure.

● *In a further cutback of its* UK papermaking capacity, Reed Paper and Board (UK) is closing two out of six machines at its Tovil and Bridge Mills in Kent. About 150 jobs are to go, nearly a third of the workforce.

Tovil was *Albert* E Reed's first newsprint mill but in recent years its papermaking machines have been producing waste-based paper for the packaging industry.

Reed says the two machines (number one and number six) are no longer viable because Tovil and Bridge lack the economies of scale required for this type of product.

Reed is concentrating its production on its remaining four machines—one is being *rebuilt at a cost of £1m*. In addition, it is vacating its Bridge Mill site and believes the moves will strengthen *Tovil's position*.

● One of Europe's largest tanneries, Turney Brothers of Nottingham, is to close with *the loss of more than 100* jobs. This will end almost 800 years of tanning in the city.

The tannery is part of the Booth International group. When final orders are completed at the end of July 110 men will lose their jobs. Three months ago 67 men were made redundant in a move to keep the company viable.

Mr. Michael Redwood, managing director, said: "The *leather industry in the UK* has been having a lot of problems, but we thought with the sacrifices we have made *we had got over the worst and* the tannery could have stayed *open*.

Connaught Latham plans to fight Government winding-up petition

BY ROSEMARY BURR

CONNAUGHT LATHAM, the Marlow licensed securities dealer, will oppose the Trade Department's petition to wind it up.

Mr. Christopher Short, the company's managing director, said: "Connaught Latham is strenuously opposing the petition and believe the Department of Trade action has been taken with insufficient evidence. All possible action is being taken to safeguard clients' interests."

Clients would be contacted after the company's legal application was heard, probably this week.

The department yesterday said it had investigated the affairs of Connaught Latham and its asociated company, Connaught International Films, after a complaint from a member of the public. On the basis of this investigation the Department decided to petition for the winding-up of both companies.

An Official Receiver was appointed *provisional liquidator* of Connaught Latham on April 15 to safeguard the assets of the company pending a hearing *on June 5. Mr. Paul Shewell*, senior partner of accountants Coopers and Lybrand, was last week appointed as special manager to assist the liquidator in sorting out stocks and shares held by Connaught on behalf of clients.

Mr. Don Langdon, a director of *Connaught* International Films, expressed surprise at the Department of Trade's action. He has finished shooting the *company's first film*, The Red Tide, which he produced. It is due to be completed in mid-June.

"*The film ran into money* difficulties early on. It was to be jointly financed by Mexican and English backers but the Mexi*cans dropped out*. This delayed the shooting in Greece of the film.

"There have been other prob*lems since, but I don't know* what. I wrote to Connaught on Friday asking for a Board meeting," he said.

Southern Television studio sale agreed

BY GARETH GRIFFITHS

TELEVISION SOUTH has reached agreement with its predecessor, Southern Television, to buy Southern's studios and film rights for about £11m.

TVS had given Southern until the end of this week to come to an agreement. The deal covers a £6m studio complex at Southampton, a smaller studio in Dover, a number of regional offices and various film rights and Southern's stock of programmes.

The announcement yesterday that the two companies had reached an agreement means that TVS's plan to build a new studio at Eastleigh to provide programmes for the new station has been scrapped.

Mr. James Gatward, TVS managing director, said the advantages of the agreement guaranteed the smoothest possible changeover. TVS is to keep the 600 staff working for Southern and engage 300 others to work at a £9m studio complex in Maidstone.

Developers hope to revive pulp mill

BY MARK MEREDITH

TWO INDEPENDENT developers are studying ways to revive a pulp mill in Fort William on the west coast of Scotland which was closed by *the Wiggins Teape group* last year as an inefficient loss-maker.

Each developer claims to have a new process to make more *by-products from pulp-making* which would make the plant economically viable.

Scottish regional develop*ment authorities, anxious to* revive and promote industries in the area feel that any re-opening of the mill is a long way off. They are still waiting to examine the plans of one developer before deciding on government aid.

Wiggins Teape is understood to have reviewed its closure decision recently and feels that neither the market nor alternative production methods have *changed sufficiently to make it* consider reopening.

Wiggins Teape, a subsidiary of BAT Industries, set up the *mill in 1966 at a cost of £15m* and found that an ineffecient production system and overmanning—the plant employed 450 workers—lead to losses of between £2 and £3m a year.

One of the developers is Mr. John Robertson, a prosperous Scottish farmer who is backing a production process worked out by Mr. Brian Elias, the mill's former chemical director.

They are talking to merchant *banks about the* £8.3m-£10m they think is needed to revive the mill.

Their production plans would *produce lignosulphates from the* pulp-making process which could be sold, possibly for export.

House rebuilding costs on the increase

BY ERIC SHORT

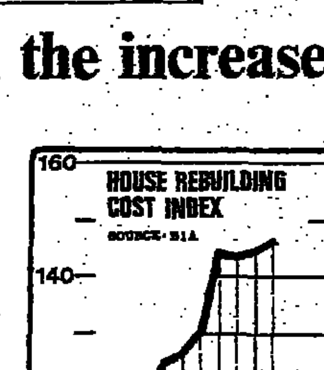
HOUSE rebuilding costs have resumed their upward trend this year after remaining static for the second half of 1980, *according to figures* issued yesterday by the British Insurance Association.

This showed that the House *rebuilding* Cost *index advanced* by 1.7 per cent in the first quarter of this year from 144.4 at the end of 1980 to 146.8 on *March 31, 1981. This* compared with an index value of 130.7 at end-March 1980, giving a rise in costs over the past 12 months of 12.3 per cent.

The increase in the first quarter came mainly as a result of rises in the cost of building materials. These prices had remained static during the last six months of 1980 resulting in *an unchanged index* value over that period. A secondary cause in the latest index rise was higher labour costs

The index is compiled for the BIA by the building cost information service of the Royal Institution of Chartered Surveyors.

It was started on July 31, 1978 at a value of 100 and is now calculated at the end of each *quarter. Its main purpose is to* assist in adjusting house values for insurance purposes.



Extensive flooding expected as thaw begins

FINANCIAL TIMES REPORTER

BRITAIN'S FARMERS are preparing for wide-scale flooding as heavy weekend snow begins to thaw.

The National Farmers Union said preliminary reports indicate UK crops may be fairly badly hit, with some hill farmers suffering heavy losses.

The Ministry of Agriculture is still trying to gather information on the effects of the weather, and a clear picture will not emerge until the thaw.

Higher food prices are likely later in the year because market gardeners have had to increase heating in greenhouses and because waterlogged fields will prevent the harvesting of spring cereals, sugar beet, and other vegetables.

In the West Country there were reports of lambs freezing to death almost as soon as they were born.

One of the Milk Marketing Board's largest creameries at Severnside in Gloucester was still out of action yesterday after being hit by a power failure on Sunday.

The Board earlier asked dairy farmers to put their milk into farm tanks because bulk collection carriers could not get through snow blocked roads.

The bad weather has severely hampered clearing up work on the Humber Bridge and delayed the opening scheduled for early May.

Councillor Alex Clarke, chairman of the Bridge Board, said the first week in June was the earliest it could be used.

In mid-Wales many roads were still blocked although the worst of the blizzards had stopped. *High winds still* caused drifting in exposed areas.

Parts of East Anglia are already facing severe flooding *as streams and rivers rise*. A flood warning was issued at Stratford-upon-Avon.

Electricity and water supplies were cut to 3,500 homes in Avon, Somerset, Gloucestershire and Wiltshire after heavy snow and falling trees brought down power lines.

April lambs put at risk when blizzard hit hill farms

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

IT IS impossible at this stage to assess losses suffered by farmers during the blizzard of the past few days. The most obvious difficulties have been in the hills where lambing usually begins around April 10.

Lambs born at the height of the blizzard and fully exposed would undoubtedly die. But if they were out of the wind and driving snow, survival is normal as it would be on a pasture. A lamb licked dry and suckled by its mother stands a great deal of bad weather, and hill breed ewes normally have only one lamb.

Burial *in a snow drift* is another matter. A ewe can survive in a drift as long as the snow is porous enough for her to breathe. But a lamb deprived of its mother's milk could soon die. A lot depends on the type of snow. Dry drifting snow does much less damage than the heavy wet snow of which more than six inches fell on my farm on Saturday night.

The first intimation was a power cut just after midnight. Immediately the whole of my farming was in a mess. By daylight two flocks of ewes and lambs which had been settled in their pasture fields were loose *over the* countryside when the electric fences failed. It is strange that the sheep, which had been restricted by three electrically-charged wires for at least six weeks, were no longer in fear of a shock. Did they know or did they try the fences

It is more likely that snow always drives sheep in front of a storm and so at times does driving rain. The sheep were pushed into the wires and as it had lost its sting pushed through it. It would in any case have failed through earthing as in some places the wires had become buried.

Getting round to putting things right and carrying hay and feed to them took all morning as most roads and lanes were blocked by fallen trees and branches. This experience probably upset the animals' grazing pattern and I expect the fattening of the lambs could be set back.

The cut meant both the big dairy herds *in the village* had to be milked by auxiliary power. Then the water ran out because the pump on which I also depend is electrical. Dairy farmers are particularly at risk because they rely on electricity for the refrigeration of their milk tanks.

There was no current to light the infra-red lamps in the farrowing pens of my pig unit but luckily none were being born at the time.

I have no complaints about the electricity board, except it seemed impossible to get an authoritative statement on when power might be restored.

The wheat and winter barley crops were very forward and were bashed down as if a steam roller had been driven over them. There is a danger that in some cases the base of the plant could have been damaged and that yield will consequently suffer.

Battle of the townies versus the countrymen

By John Hunt, Parliamentary Correspondent

Portentious events seemed to be under way in the Commons yesterday as MPs reassembled, *following the Easter recess.* Mr. Gerald Kaufman, Labour's environment spokesman, solemnly assured the House: "This is probably the most *important Bill that* will be considered in the whole of this Parliament."

Not to be outdone, Mr. Michael Heseltine, Environment Secretary, bravely declared: "This is a Bill about matters where feelings rightly run deep."

They were referring to the *massive* Wildlife and Countryside Bill, which has just arrived in the Commons after a stormy four month's passage through the House of Lords, where peers battled late into the night on hundreds of amondments.

The Bill tightens up the law on nature conservation and requires farmers and landowners to inform the Nature Conversancy Council before carrying out operations that might harm areas of special scientific interest.

To some extent, the legislation has become a battle*ground between the country*men, who have to make a living off the land, and the conservationists, who see wildlife disappearing before the demands of intensive farming.

With these intense passions aroused, Mr. Kaufman and Mr. Heseltine went to some lengths to avoid being singed by the flames of controversy. Unfortunately, in their almost identical executive suits, they looked the very epitome of the "townie" whose idea of a rough shoot is to sink their teeth into a pheasant at Lockets Restaurant.

Nonetheless, Mr. Kaufman waxed positively rapturous. He said that certain parts of the Bill were "pure poetry" with their list of rare birds, *such as the Redback Shrike,* the Black Walled Stilt, and a wily gamebird appropriately called *Mikado's Pheasant.*

Conjuring up misty visions of woods, heathland, and running brooks, words seemed to fail him and he fell back *on the lines of Rupert Brooke:* "Unkempt about those hedgerows blows an unofficial English rose."

In any case, he thought, the *powers in the Bill were not* wide enough to prevent this "rape" of the countryside.

Unfortunately, at this stage he blew his countryman's *credentials by admitting that* these depradations could be seen "when we look out of the window of the train and car when travelling."

Mr. Heseltine also put up a gallant front with authoritative references to the Jack Snipe and the Commons Scooter. He was only momentarily put off his stride when Mr. Peter Hardy (Lab., Rother Vally told him that *Mr.* Jeremy *Wiggins,* Parliamentary Secretary for Agroculture, had recently said "ther is no such thing as the natural beauty of the *countryside."*

"My Right Honourable friend puts his views with great clarity," said Mr. Hesltine diplomatically. "I *stand behind the spirit of* what he says on every occasion."

Mr. Heseltine indicated that the Governmnt *would try to knock out the Lords' amend*ment, which opposs restrictions on Sunday shooting. *There could be some fun if Labour MPs try to oppose the* Government over this when the Bill begins its arduous progress through committee. *The mitropolitan types in the* Tribune Group may not realise it. but Sunday is traditionally the time when when the farm labourer and even a few city proletarians shoulder their guns and go after wild fowl.

As Mr. Heseltine observed: "The standing committee is going to have a fascinating task."

'Overseeing' space body is set up

By Michael Donne, Aerospace Correspondent

THE GOVERNMENT has set up a body to oversee all matters affecting space research. Called the Space Consultative Committee, it will include representatives of Government, industry and *major users* and potential users.

Mr. Michael Marshall, Parliamentary Under-Secretary of State for Industry, said *that the new body would study* topies of "immediate *importance,"* such as the future programme of the European Space Agency, including developments in communications satellites and *remote sensing of* the Earth: a satellite communications system for the Ministry of Defence: and the marketing effort needed to win vital *export orders for space equip*ment.

Howell hints of price cut for bulk users of electricity

BY IVOR OWEN

Howell: No question of a general energy subsidy scheme being introduced.

EXPLORATORY DISCUSSIONS are being undertaken by the Government into the possibility of limited and selective reductions in industrial electricity prices for a small minority of bulk-consumers.

The special problems faced by companies engaged in continuous process industries such as chemicals, steel and papermaking were acknowledged in the Commons yesterday by Mr. **David Howell**, the Energy Secretary.

While carefully avoiding a specific commitment to introduction of further measures, *Mr. Howell admitted, for the* first time in public, that the action taken in last month"s Budget to ease the burden of energy costs failed to meet fully *the needs of some important* sectors of industry.

In a reference to electricity prices he told Mr. Merlyn Rees, Labour Shadow Energy Minister: "I am ready to keep this issue under close review."

Difficulties faced by industrial bulk-consumers who hav competition from Continental companies, particularly French, with much cheaper electricity tariffs, were stressed from both both sides of the House.

Mr. Howell emphasised that for 95 per cent of industrial users there *was no disparity in* energy prices.

BMut he recognised that for a minority of bulk users there were "considerable disparities.'

Recalling the measures announced in the Budget, he said that the benefit to some 200 larger industrial electricity consumers would range up to *about 8 per cent for those able* to take full advantage of the new arrangements.

For customers on firm gas contracts prices would be some *10 per cent lower by next* December than they otherwise would have been.

Dealing with interruptible gas supplies, Mr. Howell said that *prices in the past had been set* close to those of heavy fuel oil. "Now the interruptible gas renewal prices is about 10 per cent below the heavy fuel oil price."

Mr. Rees said that industry's reaction to the measures in the Budget to ease energy costs showed that the Government had produced a scheme which was no more than a "mouse," particularly for heavy users.

Even those companies which had been helped, he said, found the benefits wiped out by the 20p increase in the duty on derv.

He called on the Minister to make clear whether the Government was refusing to take *further* action, if not for industry generally, then at least for heavy users.

Mr. Howell quickly said that there was no question of any *general energy subsidy scheme* being introduced, and that any further measures to help particular sections of industry would be on a selective basis.

He *challenged Labour* leaders to say whether they advocated sale of electricity at a price below cost of production.

To embark on such a policy, he said, would involve more costs falling on the taxpayer, leading to higher public spending, higher interest rates and fewer jobs.

Mr. Howell insisted that the level of duty on derv was a matter for Sir Geoffrey Howe, *Chancellor of the Exchequer.*

Mr. John Moore, Under-Secretary for Energy, *said that* the Government had received a number of represenations about the differences between foundry-coke prices in the UK and other European countries.

"I am considering carefully whether something can be done," he said.

Mr. Moore told MPs that details *of the* £50m grant scheme to encourage industry to make the switch from oil to coal-fired equipment would be announced "in the near future." The *Department of* Industry would be responsible for administering the scheme.

Rees: Government produced scheme that was no more than a mouse.

Labour plan to boost workers' involvement

By John Lloyd, Labour Correspondent

LABOUR PARTY and trade union leaders are to draw up plans for increasing workers' involvement in industry under a future Labour Government.

A meeting of the TUC-Labour Party liaison committee yesterday approved work on industrial democracy and planning done over the past few months by a high-level sub-committee, and agreed that the sub-committee should come up with detailed proposals for industrial democracy at its meeting next month.

The aim is to involve workers in enterprises in planning decisions at all levels of the economy.

Influential members of the *committee, including* Mr. *Len* Murray, the TUC general secretary, Mr. Stan Orme, the Shadow Industry Secretary, and a number of senior trade union leaders believe that planning measures brought in by Labour in the past have failed because *of a lack of this dimension.*

The sub-committee will also consider how a Labour Government might react in a "crisis" situation, when faced with a number of critical constraints, as, for instance, a shortage of skilled manpower.

Implicit in the terms set for this future discussion is a consideration of incomes policy, though this delicate subject has not yet been overtly mooted.

The full liaison committee also considered yesterday a draft of the TUC's energy policy, presented by the TUC energy committee's chairman, Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union.

There was *little disagreement* expressed with the draft, which advocates a continuation of the nuclear energy programme.

Opposition reacts fiercely against Nationality Bill guillotine

BY MARGARET VAN HATTEM, LOBBY STAFF

OPOSITION FRONT benches reacted indignantly yesterday to the Government decision to "guillotine" debate on its controversial Nationality Bill.

It was "an absolute scandal," said Mr. John Silkin, Shadow Leader of the House; a "con*stitutional disgrace," said* Mr. Roy Hattersley, Shadow Home Secretary; a "disgraceful proposal" which would lead to many personal tragedies, said Mr. Alan Beith, the Liberal spokesman.

Mr. Francis Pym, Leader of the House, in announcing tomorrow's debate on the terms of the guillotine, insisted that the Government felt "absolutely obliged" to impose a guillotine *in order to ensure the Bill's passage, although it did so* reluctantly.

"Ideally, it would be infinitely preferable not to have a timetable motion," he said.

The Opposition regards the Bill, which re-defines British nationality and establishes three *different categories of citizen*ship, as a major piece of constitutional legislation which ought to have been discussed in all stages on the floor of the House, and has pledged to repeal the legislation as soon as it forms the next Labour Government.

"To curtail discussion of such an issue is to treat the Commons like a rubber stamp for Conservative Central Office," *Mr. Hattersley said last night.*

"*Parliament has been given* 48 hours' notice of the guillotine motion.

"That is because of the Prime Minister's synical determination to conceal her intention until she had ended her visit to countries which have complained most strongly about the Bill's inherent racism."

But despite the expressions of outrage the Opposition has taken a certain amount of satis*faction in the Government's*—evident anxiety over the Bill's slow progress so far, and with no real chance of altering the legislation substantially has been determined from the outset to make its passage as slow and as embarrassing to the *Government as possible.*

Though, Mr. Pym insisted yesterday that Ministers decided only last week to impose the guillotine this week, the decision was widely expected.

*Several members of the stand*ing committee on the Bill accurately predicted the date of the announcement several weeks ago, saying at the time that the Government was already in deep trouble over its timing.

If the Bill is to become law, *it must bet through* both Houses of Parliament during the current session. Because of its complex and controversial nature, a slow passage through the House of Lords is being predicted.

Committee members estimate *that unless it is referred to the* Lords by the third week of next month, there is a real chance of its running out of time.

The debate in the Committee Stage *has been particularly* slow and cumbersome, partly because of the highly complicated nature of the Bill.

Several committee members admit that they do not understand it, and say that Mr. **Timothy Raison**, the junior *Minister handling it* in committee, also appears to be having difficulties, in view of the long delays while he shuffles papers and seeks advice

Only Mr. Enoch Powell *and* Mr. Alex Lyon, according to the consensus, have fully grasped its technicalities.

Secondly, the Bill is highly controversial and has aroused much public opposition from ethnic minorities in Britain: from British subjects in UK dependencies such as Hong Kong and the Falkland Islands; and from former British possessions, as was evident during the Prime Minister's visit to India.

Consequently MPs on both sides of the House have been anxious to discuss most of the clauses at length.

"The Government cannot say we have filibustered," one Labour MP said yesterday. "*We never had to. Their own* backbenchers are quite capable of going on for hours and hours."

Police arrest H-block activists as Sands's condition deteriorates

BY ELINOR GOODMAN AND STEWART DALBY

POLICE IN Northern Ireland yesterday made a swoop of known Republicans and H-block activists as the condition of Mr. Bobby *Sands*, the 27-year-old hunger striker, an dMP for Fermanagh South Tyrone, now on day 59 of his fast, was said unofficially to have deteriorated *sharply.*

Mr. Humphrey Atkins, Nor*thern* Ireland Secretary, yesterday reported to the Prime Minister on the Sands situation as the Government prepared for the worst by stepping up security. On her first working day since her return from the Middle East, Mrs. Thatcher *spent half* an hour with Mr. Atkins discussing the situation which Ministers now seem to accept will almost certainly lead to Mr. Sands's death.

Although Mr. Sands' condition has deteriorated badly in the 10 days Mrs. Thatcher was away, there was no sign after yesterday's meeting of any change in the Government's *position, or* any indication that Ministers were about to make a gesture towards meeting his demands which would give him a justifica*tion for giving* up his hunger strike.

Up to 30 well-known organisers, including four chairmen of H-block committees, *have been arrested* in the past 24 hours.

Police have declined to release all the names of those being held but it is thought *most of them* have been taken to the Castlereagh detention centre in Belfast. It is understood they are bein gheld under the Prevention of Terrorism Act which allows them to be held for seven days without trial.

The arrests are thought to be an attempt to forestall great civil unrest in the event of Mr. Sand's dying. The swoops were considered to be clumsy, according to one prominent Catholic politician.

Apart from the arrests, there was further violence in the predominantly *Catholic* West Belfast area yesterday, when one policeman was killed and three were injured when a bomb went off in the Upper Falls Road.

The Government's attitude remains that if Mr. Sands wants to starve himself to death, that is his business, and there is *nothing it can do to stop him.* In general, its policy seems to be to play down the gravity of the situation, the likelihood of a major upsurge in violence if Mr. Sands dies.

Nevertheless, contingency plans are already being made *to deal with the increase in vio*lence which could follow his death. Yesterday, for example, Downing Street was cordoned off.

Meanwhile, Mr. Ian Paisley, the Democratic Unionist MP for Antrim North, yesterday kept up *his pressure on the Govern*ment not to make any concessions to the IRA. At Westminster, he made an un*successful appeal to the Speaker for an emergency debate.*

His speech was another reminder of the problem the Government would face from the Protestants if it tried to make any gesture to Mr. Sands. But it is only the pressure from the Protestants which is keeping *the Government from offering a* compromise. Ministers believe that to give in to Mr. Sands now would be to give the IRA its biggest propaganda victory yet.

Call for fairer deal for people in rural areas

A CALL FOR a fairer deal for people living in rural areas was made yesterday in a policy document published by the Labour Party national executive.

The document, "out of town, out of mind, a programme for Rural Revival," calls for an increase in public expenditure in rural areas. Among its detailed proposals are *free telephones* for the old in need, the sick and the disabled; an increase in investment in and support for rail services; a "carefully planned expansion of tourism"; a major expansion of light industry; improvement in rural public transport; and efforts to keep open village schools.

At a Press conference to launch the document in Glasgo, Dr. Gavin Strang, Labour's Shadow agricultural spokesman, said that the creation of new jobs in the rural areas was vital.

Mr. *Martin O'Neil. Shadow* education spokesman, said there had to be "positive discrimination" in favour of rural areas Minimum standards were not enough.

Today in Parliament

Commons—Supply day debate on *economic and social* problems of Greater London. Opposed private business.

Lords — Insurance Companies Bill, second reading. Fisheries Bill, committee. Energy Conservation Bill, consideration of Commons *amendments.*

Select committees — Defence. Subject: *Defence White Paper.* Witnesses: Ministry of Defence Officials. (10.30 am. Room 5.) Employment. Subject: Home-working. Witnesses: Borough of Hackney, Leicester City Council, Health and Safety Executive. (4 pm. Room 8.) Procedure (Supply): Subject: *Supply procedure.* Witness: Mr. John Silkin MP. (4.15 pm, Room 15.) Parliamentary Commissioner for Administration. Subject: Reports of *Health Service* Commissioner. Witnesses: Department *of* Health and Social Security. Scottish Home and Health Department. Welsh Office. (5 pm, Room 5.)

TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE

Guides for data maze in Europe

THE DEMAND for data communications services from the telecommunications authorities (PTTs) in Western Europe is likely to grow fourfold by 1987. The number of binary digits (bits) transmitted each day will rise from 1.3 trillion (million million) to 7.1 trillion.

And as useage increases, so will the complexity of the choices available to the data communications manager.

Two invaluable guides through the maze of data communications in Western Europe have just been published by the Eurodata Foundation (01-638 3021).

The first, *Eurodata Foundation Yearbook 1981*, contains information on data communications, services and equipment provided by the PTTs together with information on tariffs, PTT organisation and policy.

The second, *Public Data Networks*, covers in English, French and German, details of the public networks available in 17 West European countries, together with a special section on Euronet, the EEC packet-switched network for information retrieval from European Community databases.

The yearbook costs £85, update to last year's yearbook, £25; *Data Networks* costs £35; if you buy both you get the update free.

UK franchise for French analyser

THE EXCLUSIVE UK franchise for the Type 715 laser granulometer made by the French company, Cilas, has been obtained by Spectron Instruments, Abingdon (0235 28212).

This particle-size analyser is claimed to provide accurate and ultra-rapid measurement of powder granules. It operates by measuring the diffraction of a coherent light beam by the granules, which are held in suspension in a suitable liquid.

With an unskilled operator the average measurement time is claimed to be five minutes. All the electronic circuitry is integrated into one module. The instrument is said to need no calibration and to be easily transportable.

Surface science attracts £450,000

BY DAVID FISHLOCK, SCIENCE EDITOR

PERFECTLY FORMED spheres of ceramics, smaller than any beads, may be the answer to some of industry's more intractable problems of chemical catalysis. With their help a surface of very large area and consistent properties can be laced with a catalyst and exposed to the chemical reagents, encouraging them to combine.

The idea is one of several from Harwell which have excited technologists on the Industry Departments Chemicals and Minerals Requirements Board.

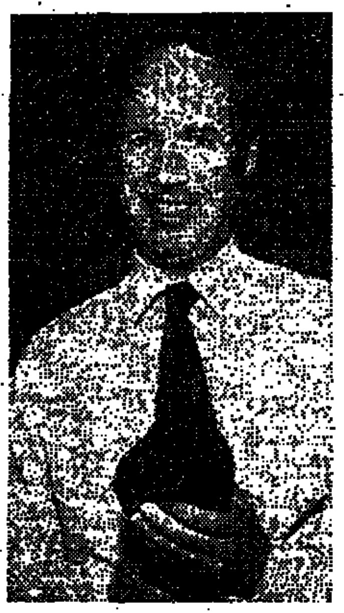
In turn, the Board has encouraged Harwell to organise Britain's first national centre for research in catalysis. It is also encouraging the scientists to go for the more speculative projects, higher in risk but promising big payoffs.

Already catalysis has attracted £300,000 in research contracts from British companies — from the very small to organisations as strong in catalysis as ICI and BP.

The Board is adding £150,000 of public money this year, plus a similar sum for a specific attempt to use lasers to peer inside chemical and catalytic reactors while they are *running*.

The Ministry's requirements board is drawn mainly from outside advisers — from industry and universities. Its interest was aroused by two things the nuclear laboratory was offering, says Dr. Stuart Nelson, who as head of the materials development division is responsible for the new Catalyst Unit.

One was wider use of novel materials developed originally for nuclear reactors or fuel. The other was "probably Europe's best concentration of diagnostic and analytical techniques for the science of surfaces."



Dr. Stuart Nelson, head of Harwell's materials development division, with a honeycomb component of Fecralloy.

It fell to Dr. Nelson to arrange for his minuscle unit — "just two or three key people" — to tap the research centre's resources. To guide him in a generic programme of research in catalysis — for which the Ministry pays — he organised his own external Catalyst Advisory Panel. But discussions of the specific problem of a client are "strictly bilateral," he stresses.

Two nuclear materials are showing particuar promise. One is a temperature-resisting alloy of iron which owes its corrosion resistance to an adherent film of alumina which forms on its surface. "Fecralloy may be ideal for car exhausts," he says.

It is a complex alloy which includes the rare metal yttrium to make its natural alumina surface adhere tightly. Earlier support from the Board, however, has already helped to get it into small-scale (5-ton batch) production in UK industry.

Johnson Matthey is the collaborator for its use as a support for precious metal vehicle exhaust catalysts. "We can make it half the size for the same surface effect."

Jaguar says it is going to use such a catalytic exhaust clean-up system on its cars for the U.S. market next year. Johnson Matthey's research laboratory is working on a catalyst which will not be poisoned by the lead additive in many petrols.

But ceramics produced by a technique originally developed for making ceramic nuclear fuels may prove a still more versatile support than Fecralloy for catalysts. The technique is known as the sol-gel process for which Harwell holds patents, and which the nuclear industry hopes to use to make plutonium fuels for commercial fast reactors.

The nub of the sol-gel technique is the preparation of a stable collodial dispersion of the chosen ceramic. Silica, alumina and titania are among the ones of greatest interest as catalysts. It requires clever balancing of electrical charges throughout the sol to keep these metal oxides suspended at high concentration.

The sol can then be transformed into a solid gel by unbalancing the electrical charges. This can be done, for example, by squirting it through a vibrating nozzle, when sol droplets turn into spheres of gel of remarkably uniform size.

Pellets and fibres can be made in much the same way. Alternatively, the sol can be transformed to gel at the surface of a metal or ceramic component, producing a coating of the required properties.

It then remains only to heat the gel to about 500 degrees C to convert it into a ceramic oxide. In this way Harwell has developed a number of robust ceramics with highly specific properties, such as its catalytic alumina, which retains its open-pore structure at temperatures as high as 1,100 degrees C.

The chemical industry is excited by the idea of using porous coatings produced in this way on the walls of a reaction vessel itself to stimulate catalytic reactions. It could have such advantages as reducing heat transfer problems and the big pressure drop associated with beds of catalyst, especially for highly exothermic — heat-releasing — reactions such as methanation and the oxidation of naphthalene.

Dr. Stuart's Catalyst Unit is harnessing a remarkable array of diagnostic equipment — nuclear reactors, proton and ion beams, a scanning electron microscope under which it can watch specimens corrode — to the characterisation of catalysts. Few, if any, industrial laboratories have so many techniques on tap.

Most ambitious of their experiments, however, for which the ministry has provided £150,000, will attempt to follow the temperature profile and changes in chemistry inside a chemical reactor.

Their basic tool will be the laser, backed by a family of techniques already being exploited in internal combustion engines (see Technical Page, March 25).

Voltmeter for sparkling gems

THE LONDON Diamond Trading Company (DTC) sells its goods by weight. There is, however, some uncertainty in the weighing methods and the customer is naturally given the benefit of the doubt.

A costly business, with the price of diamonds being what it is. Until, that is, DTC started using Datron voltmeters coupled to transducers (load cells) to provide more accurate weighings.

Datron claims its voltmeters are the most accurate in the world; at anything between £1,495 and £4,000 they are certainly the most expensive.

Yet DTC found they paid for themselves in a matter of months—and came back for more.

Datron won a Queen's Award this year for voltmeters which are not only accurate but which can be calibrated by comparatively unskilled operators.

It makes two ranges of digital voltmeter, the 5½ digit variety, much in demand in laboratories and standards organisations and the 6½ (and sometimes 7½) digit ultra accurate model used by military and aerospace organisations among others.

What makes its voltmeters special is their ease of calibration. All voltmeters have to be calibrated against a standard and the usual procedure, where very high accuracy counts, is to set the meter up, leave it for some hours to equilibrate, remove the covers, calibrate, put the covers on again and leave it again to see if it settles down.

Furthermore the characteristics of the machine—the unavoidable machine error—is stored in the memory of the voltmeter for easy subtraction from the measured value.

Datron seems to have taken on the giants like Fluke, Hewlett Packard and Racal Dana successfully; its meters are used by the National Physical Laboratory and the U.S. National Bureau of Standards.

Deep-sea test rig simulator

AN UNUSUAL test rig designed to simulate high-pressure conditions deep under the sea has been developed and engineered by General Descaling, Worksop (0909 473211) for Gravatom Industries, Gosport. The 3 ft diameter steel fabricated vessel will be used for testing undersea defence equipment at gas and liquid pressures up to 2,500 lb/sq in. It will be tested at pressures up to 3,440 lb/sq in.

Safety tyre system

BECAUSE of high quality standards during manufacture only rarely these days does a tyre "blow out."

But there is always the possibility and John B. Bennet Services (01-734 5351) says it has devised a safety system for light and medium commercial vehicles fitted with wheels which have two or three-piece rims.

The rim is held together by the beads of the tyre and the beads in turn are held in the correct position on the rim by the air pressure within the tyre and tube.

The company points out as long as the correct air pressure is maintained the wheel assembly is safe, but if air pressure is lost then a dangerous situation can arise.

If the beads of the deflated tyre move towards the centre of the rim, the detachable sections of the rim assembly can separate from the main part of the rim, causing the tyre to partly or totally part company.

The answer to this problem, it is claimed, is the Tylock bead lock. Bead locks are fitted when mounting tyres and tubes and tightened after the tyres have been inflated. No special tools are needed.

The company says its bead locks permit the safe use of Tylock tyre sealant. This product plugs punctures up to 7mm diameter and provides a seal said to be effective for up to 100 miles continuous running.

Powerlite system for outdoor floodlighting

A HEAVY-DUTY trailer-mounted floodlighting unit claimed to be suitable for any outdoor construction, maintenance or servicing project where high levels of illumination are required to ensure safe working conditions on site has been introduced by Wysepower, Everton, Beds (0767 50011).

Four 1,000W high-pressure sodium lamps, supplied by an air-cooled diesel generator set, are fitted on a fully adjustable common head to project a wide spread of shadow-free light.

The unit, known as the Powerlite 9, is fitted with a three-section 9-metre galvanised tubular mast incorporating a winch that automatically locks the mast sections into position when raised.

The Powerlite trailer has a welded steel frame and is fitted with torsion bar suspension, overrun braking and a parking brake. The mast cannot be raised from the horizontal to the vertical position until the outriggers are deployed. This feature is claimed to ensure complete stability at towing speeds up to 60 mph.

Anti-corrosion anode

WHAT IS claimed to be a new type of expendable anti-corrosion anode manufactured by a special casting process to a cylindrical instead of the usual rectangular shape has been introduced by A/S Bergens Metalstöperi, Bergen, Norway (5-30 90 00).

The anode, patented for production in aluminium, zinc or magnesium and said to be suitable for use on all types of offshore oil platforms and mobile drilling rigs, is claimed to provide better protection against corrosion and a longer and more effective working life than rectangular anode units.

With a cylindrical shape of a relatively large diameter, the anode is claimed to combine the advantages of lower resistance to water flow, thus reducing drag loadings on the structure.

POINTERS

Dorset pump

LATEST addition to the corrosion-resistant pumps from Crest Pumps of Wimborne, Dorset (0202 874411) is a centrifugal horizontal end suction type which may be either close-coupled or direct-coupled.

No metal parts come into contact with the liquid being pumped. Polytetrafluoroethylene (PTFE) and ceramic material is used for the standard mechanical seal, but double mechanical seals with water flush are offered for use when liquids with crystalline or abrasive contents are to be handled.

The pump is driven by an electric motor of either 1.1kW or 1.5kW and running at 2,900 rpm it can achieve a head of 13 metres and handle 11 cubic metres an hour.

Gate security

A SECURITY gate actuator unit that can be bolted on to existing gates to provide automatic remote control of them has just been brought to the market.

Designed by Frontier Gate Company of Birmingham (021-359 6618) for swing gates, the unit is contained in a sheet steel pedestal. Power for its hydraulic system comes from an electric motor which may be push-button controlled from a gatehouse or other nearby building.

The unit can be operated in conjunction with other security systems, such as closed TV, and it can also be adapted for operation by magnetic identity cards.

Access to the control pedestal is by means of a lockable door fitted with an audible alarm which is sounded if anyone tampers with it.

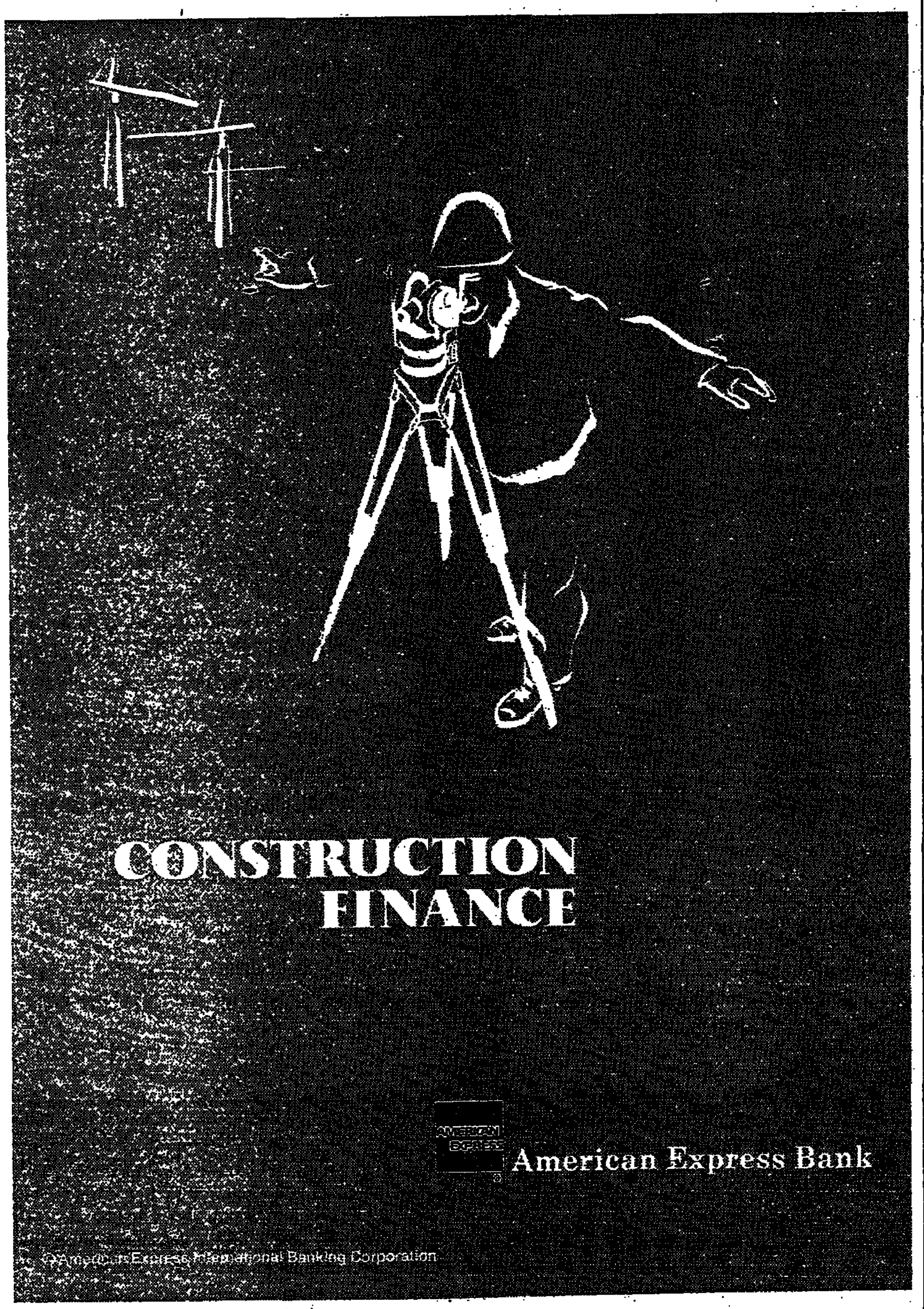
Stretch-wrap

A PALLET stretch-wrap system designed to fill the gap between hand-held equipment and expensive machines has been introduced by United Packaging Industries (UK) (0274 870331). Called the Eze-Wrapper 2000, the system has a precise tension control to reduce wastage of wrapping film, and the company claims that it can use the full range of pallet stretch films now available.

The standard model wraps loads up to 1,200 kg in weight and two metres high, using single-phase 240V mains electricity. Optional extras include a ramp for use with hand-propelled pallet trucks and a top cover dispenser designed to give total protection from dirt and moisture.

The system costs less than £1,000 or £6 a week on a five-year lease purchase. Depending on the size of load, the wrapping cost ranges between 25p and 45p a pallet, the makers say.

It is being shown publicly for the first time on Stand No. 106 at the Storage, Handling and Distribution Exhibition, Earls Court.



This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London, for the purpose of giving information to the public with regard to the International Bank for Reconstruction and Development (the "Bank") and the Stock. The Bank has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. The Bank accepts responsibility accordingly.

DATED APRIL 27, 1981

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

OFFER FOR SALE on a yield basis of £100,000,000 LOAN STOCK 1986

payable as to £30 per cent. on application
and as to the balance by June 25, 1981
with interest payable half yearly on May 6 and November 6

Baring Brothers & Co., Limited

Hambros Bank Limited **Hill Samuel & Co. Limited** **Kleinwort, Benson Limited** **Lazard Brothers & Co., Limited**

Morgan Grenfell & Co. Limited **N. M. Rothschild & Sons Limited** **J. Henry Schroder Wagg & Co. Limited** **S. G. Warburg & Co. Ltd.**

Application has been made to the Council of The Stock Exchange in London for the £100,000,000 Loan Stock 1986 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market. The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or, at the option of the holder, in bearer form, represented by Bearer Bonds which will be available in denominations of £1,000 and £10,000 only. Stock in registered form may be exchanged for Bearer Bonds and *vice versa* at any time after July 23, 1981. Renounceable allotment letters (partly paid) in respect of the Stock will be despatched on May 6, 1981. Certificates in respect of Stock in registered form and Bearer Bonds in respect of Stock in bearer form will be available on July 23, 1981 provided the balance of the moneys payable has been duly paid.

The application list will open at 10.00 a.m. on Thursday, April 30, 1981 and will close later the same day.

No person is authorized to give any information or to make any representation not contained in this Prospectus; and any information or representation not contained herein must not be relied upon as having been authorized by the Bank or by any of the Managers set forth on the cover page of this Prospectus. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy the Stock in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

The issuance of this Prospectus and the offering and sale of the Stock is not a waiver by the Bank or by any of its members, Governors, Executive Directors, Alternates, officers or employees of any of the rights, immunities, privileges or exemptions conferred upon any of them by the Articles of Agreement of the Bank or by any statute, law or regulation of any member of the Bank or any political subdivision of any member, all of which are hereby expressly reserved.

Except as otherwise indicated, (1) all amounts contained in this Prospectus and in the financial statements are stated in current United States dollars translated as indicated in "Capitalization" and Appendix F below, (2) all information in this Prospectus is given as of the date hereof and (B) references to Articles and Sections are to Articles and Sections of the Articles of Agreement of the Bank (the "Articles").

The Stock is not open for applications to purchase by U.S. persons. "U.S. person" means any person who is a national, citizen or resident of, or who is normally resident in the United States, including the estate of any such person, corporations and partnerships created or organized in the United States and "United States" means the United States of America, its territories and possessions and all areas subject to its jurisdiction.

PROCEDURE FOR APPLICATION

All applications must be made in the form of the Application Forms provided or in such other form as Baring Brothers & Co., Limited ("Barings") may accept and must be lodged with Barings, 88 Leadenhall Street, London EC3A 3DT not later than April 30, 1981 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for integral multiples thereof.

Barings reserve the right to reject any application and to accept any application in part only. If any application is not accepted the amount paid on application will be returned by post at the risk of the person submitting the application and if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned, and in the meantime all such amounts will be held in a separate account.

Barings will announce the basis of allotment by 10 a.m. on Friday, May 1, 1981 and it is expected that confirmations of allotments will be despatched on the same day.

Brokerage of ¼ per cent. of the nominal amount of Stock allotted will be paid to recognized Banks or Stockbrokers on allotments made in respect of Application Forms bearing their stamp or in respect of other forms of application accepted by Barings as being from a recognized Bank or Stockbroker. The expression "recognized Bank or Stockbroker" shall mean any organization which is a Recognized Bank for the purposes of the Banking Act 1979 and any firm of Stockbrokers which is a member of The Stock Exchange of the United Kingdom and the Republic of Ireland and such other banks or brokers as Barings shall at their absolute discretion agree for the purposes of the issue.

Acceptances of applications will be conditional *inter alia* upon the Council of The Stock Exchange admitting the Stock to the Official List on or before May 6, 1981 and, if the Managers and the Bank exercise their right by mutual agreement to terminate the Subscription Agreement or if the Subscription Agreement does not become unconditional (see "Subscription Arrangements" below), will become void.

Copies of this Prospectus may be obtained from:

Baring Brothers & Co., Limited,
88 Leadenhall Street,
London EC3A 3DT.

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 2AN.	W. Greenwell & Co., *Bow Bells House,* Bread Street, London EC4M 9EL.	Rowe & Pitman, 1st Floor City Gate House, 39-45 Finsbury Square, London EC2A 1JA.

INFORMATION RELATING TO THE OFFER FOR SALE

Determination of Rate of Interest and Issue Price

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a Gross Redemption Yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of one half of one per cent. and the Gross Redemption Yield on 12 per cent. Treasury Stock 1986 calculated by reference to the price of such Treasury Stock on The Stock Exchange, London at 3.00 p.m. on Wednesday, April 29, 1981, such price cum dividend to be determined by Barings to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The Gross Redemption Yield will be expressed as a percentage and will be calculated on the basis set out under "Calculation of Gross Redemption Yields" below.

The rate of interest attaching to the Stock will be an integral multiple of one quarter of one per cent. and will be as high as possible consistent with an issue price as near as possible to but not more than par. The issue price will be expressed as a percentage rounded to three places of decimals.

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, April 30, 1981.

Subscription Arrangements

By a Subscription Agreement dated April 27, 1981, Barings, Hambros Bank Limited, Hill Samuel & Co. Limited, Kleinwort, Benson Limited, Lazard Brothers & Co., Limited, Morgan Grenfell & Co. Limited, N. M. Rothschild & Sons Limited, J. Henry Schroder Wagg & Co. Limited and S. G. Warburg & Co. Ltd. (the "Managers") have agreed with the Bank to subscribe the Stock.

Barings, on behalf of the Managers, and the Bank may agree in certain circumstances to terminate the Subscription Agreement, which is subject to certain conditions, and accordingly, if they so agree or the Subscription Agreement does not become unconditional, applications for the Stock will become void.

Terms of Payment in Respect of Applications

Each application, unless made by a recognized Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to Baring Brothers & Co., Limited and crossed "IBRD Loan", representing payment at the rate of £30 per cent. of the nominal amount of the Stock applied for. Such cheques must be drawn on a branch in the United Kingdom, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for the members of those Clearing Houses.

Barings on behalf of the Managers reserve the right to retain the relevant allotment letters and surplus application moneys (if any) pending clearance of applicants' remittances and allotment.

An alternative method of payment is available in respect of payments of £10,000 or more only to recognized Banks or Stockbrokers who irrevocably engage to pay Barings for credit to the account designated "IBRD Loan" by 10.00 a.m. on Wednesday, May 6, 1981 the amount in Town Clearing Funds representing payment at the rate of £30 per cent. of the nominal amount of the Stock in respect of which their applications shall have been accepted. The expression "Town Clearing Funds" shall mean a cheque or Bankers' payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

The balance of the amount payable on the Stock allotted must be paid so as to be cleared on or before June 25, 1981. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment.

Failure to pay the balance on any stock when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of 2 per cent. above the Minimum Lending Rate of the Bank of England from time to time may be charged on such balance if accepted after its due date. The Bank further reserves the right in default of payment to sell any such Stock fully paid for its own account.

SUMMARY INFORMATION

The International Bank for Reconstruction and Development, often called the World Bank, is an international organization which commenced business in 1946. Its principal purpose is to finance economic growth in its member countries. The Bank's capital stock is owned by its 139 member governments.

Selected Financial Data
(Dollar amounts expressed in millions of United States Dollars)

	Fiscal years ended June 30 1978	1979	1980	Six months ended December 31, 1980
				(Unaudited)
Balance sheet data—end of period:				
Cash and liquid investments (net of commitments for settlement)	$ 8,857	$ 9,750	$ 9,966	$ 8,654
Effective loans:				
Disbursed and outstanding	19,370	22,887	26,694	27,198
Undisbursed	13,761	16,304	18,111	20,757
Borrowings outstanding	22,602	26,280	29,668	28,941
Capital and reserves:				
Paid-in capital, reserves and accumulated net income	5,788	6,648	7,477	7,512
Callable capital	29,741	33,686	35,963	35,656(1)
Net income	$ 238	$ 407	$ 588	$ 304
Borrowings outstanding—end of period:				
Placed with official sources	$ 7,354	$ 7,755	$ 7,897	$ 7,786
Placed with others	15,248	18,525	21,771	21,155
Cash and liquid investments as a percentage of borrowings outstanding—end of period	39.19%	37.10%	33.59%	29.90%
Average cost of:				
Borrowings drawn down in period	6.73%	6.22%	8.24%	8.08%
Borrowings outstanding during period	7.45	7.21	7.28	7.33
Total borrowings and other funds available during period	6.09	5.98	6.00	6.03
Average interest rate on:				
Loans approved in period	7.57%	7.54%	8.14%	9.01%
Disbursed and outstanding loans—end of period	7.10	7.27	7.41	7.50
Commitment charge on undisbursed loans	0.75%	0.75%	0.75%	0.75%
Return on:				
Average liquid investments	6.99%	7.55%	8.76%	8.72%
Average earning assets	7.41	7.71	8.17	8.20
Average life of borrowings outstanding—end of period (years):				
Placed with official sources	3.84	3.61	3.40	3.39
Placed with others	7.29	6.90	7.02	7.28
Total outstanding	6.17	5.93	6.05	6.23
Average life of loans committed—end of period (years)	10.23	9.68	9.22	9.25
Disbursed and outstanding loans as a percentage of subscribed capital and reserves—end of period (Articles limit percentage to 100)	54.52%	56.74%	61.45%	63.01%

(1) At December 31, 1980, the callable capital of the 16 members of the Bank which are also members of the Development Assistance Committee of the OECD was $23.589 million. See Note (3) under "Capitalization" below.

The above information is qualified by the detailed information and financial statements appearing elsewhere in this Prospectus.

Delivery

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on May 6, 1981 by first class post at the risk of the person submitting the application in accordance with the instructions stated on the Application Form.

Allotment letters may be split up to 3.00 p.m. on June 23, 1981 in accordance with the instructions contained therein into denominations or integral multiples of £100.

Unless a duly renounced fully paid allotment letter with the registration application form duly completed is received by Barings at 88 Leadenhall Street, London EC3A 3DT on or before June 25, 1981, the Stock represented by such allotment letter will be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for holders of Stock to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by Bearer Bonds which will be available in denominations of £1,000 and £10,000 only.

Each holder of Stock who elects in the allotment letter to receive Bearer Bonds may receive them in either of the following ways:—

(a) *By post at the risk of the applicant. Barings will insure any package destined* for an address in the United Kingdom provided a cheque in favour of Barings is enclosed with the allotment letter made out for 50p per £1,000 nominal amount of Bearer Bonds to be sent (minimum payment £3). Insurance rates for other countries will be quoted on request.

(b) By delivery to an existing account with Euro-clear Clearance System Limited or CEDEL S.A.

Bearer Bonds will be available for delivery on July 23, 1981.

Stock Certificates, in respect of Stock in registered form, will be despatched on July 23, 1981, after which date allotment letters will cease to be valid for any purpose.

Calculation of Gross Redemption Yields

Gross Redemption Yields will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the *Journal of the Institute of Actuaries* Vol. 105, Part I, 1978, page 18 as follows:—

"Redemption yields are calculated taking accrued interest as part of the price and using a true compound interest formula i.e. finding the value of v to give $f(v) = 0$ where

$$f(v) = v^p.\left(C_1 + C\frac{(1-v^n)v}{(1-v)} + Rv^n\right) - P - \sum_i B_i \cdot v^{b_i}$$

and v is the discounting factor per period (e.g. half-year),
R is the redemption amount,
C is the coupon amount per period,
C_1 is the actual coupon due at the next payment date (which may be zero if the stock is already quoted 'ex dividend', or may be a first fractional payment),
n is the integral number of periods till redemption from the next payment date,
p is the fractional period till the next payment date,
P is the price actually payable (with 'accrued interest' not 'stripped out', but, for shorts, added in),
B_1, B_2 etc. are outstanding calls on a partly-paid stock,
b_1, b_2 etc. are the fractional periods till these calls are due.

When the root of $f(v)$ has been found the gross yield, y, convertible half-yearly, is obtained from

$$y = 200(1/v^{k/2} - 1) \text{ per cent.}$$

where k is the frequency of coupon payment per year."

INFORMATION RELATING TO THE STOCK

The issue of the £100,000,000 Loan Stock 1986 (the "Stock") has been authorized by a Resolution of the Executive Directors of the International Bank for Reconstruction and Development (the "Bank") passed on April 24, 1981 and will be constituted as an unsecured obligation of the Bank by an Instrument to be dated May 6, 1981 executed by the Bank and deposited with Barings.

The Stock is not an obligation of any Government.

Negative Pledge

As long as any of the Stock shall be outstanding and unpaid, the Bank will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any bonds, notes or other evidences of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Bank for money borrowed (other than purchase money mortgages, pledges or liens on property purchased by the Bank as security for all or part of the purchase price thereof), unless the Stock shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such bonds, notes or other evidences of indebtedness.

Interest

The Stock will bear interest from May 6, 1981 at a rate per annum, to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable by equal half-yearly instalments on May 6 and November 6 ("Interest Payment Dates") in each year except that the first payment of interest in respect of the period from May 6, 1981 will be calculated on the basis of the initial payment of £30 per cent. of the principal amount of the Stock being paid up for the period from May 6 to June 25, 1981 and on the full *principal amount of the Stock being paid up thereafter and on the basis of the number of days* elapsed and a 365 day year. Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused by the Bank.

Form

The Stock will be issued in registered form ("Registered Stock") and, by election, in bearer form ("Bearer Bonds") with interest coupons attached ("Coupons"). Subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £1,000 or integral multiples thereof for Bearer Bonds and Bearer Bonds may be exchanged for Registered Stock. Bearer Bonds will be available in denominations of £1,000 and £10,000 each (which are interchangeable in the same aggregate principal amount free of charge on lodgement of such Bearer Bonds, together with all unmatured Coupons appertaining thereto, and a written request for exchange at the specified office of the Principal Paying Agent and Registrar) and on issue a Coupon will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received between the day following a Record Date (as hereinafter defined) and the immediately succeeding Interest Payment Date (inclusive), no Coupon will be attached in respect of such Interest Payment Date.

Applications for such exchange may be made at any time on or after July 23, 1981 on the forms available at the specified offices of each of the Principal Paying Agent and Registrar and the Paying Agent referred to below and shall be made by holders of Stock, lodging such forms duly completed at the specified office of the Principal Paying Agent and Registrar. No charge will be made in respect of exchanges.

An application to exchange Registered Stock for Bearer Bonds shall have attached thereto the Stock Certificate(s) to which such application relates. An application to exchange Bearer Bonds for Registered Stock shall have attached thereto the Bearer Bond(s) to which such application relates together with all unmatured Coupons appertaining thereto. Failing presentation of all unmatured Coupons appertaining to any Bearer Bond, no

Continued Page 2—International Bank for Reconstruction and Development

exchange shall be made in respect thereof. In the case of an application received during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date, a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph be deemed to have matured. If the Stock Certificate(s) attached to an application for the exchange of Registered Stock for Bearer Bonds relate(s) to a greater nominal amount of Stock than that in respect of which application for exchange is made or relate(s) to a nominal amount of Stock which is not an integral multiple of £1,000, the balance of such Stock will remain in registered form and a Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and *vice versa* will be irrevocable. The exchange shall take effect on receipt by the Principal Paying Agent and Registrar of a duly completed exchange form.

The initial Principal Paying Agent and Registrar is Barings and its specified office is at 88 Leadenhall Street, London EC3A 3DT or such other place or places in London as the Bank may from time to time agree and notify to holders of Stock in accordance with "Notices" below. The Bank reserves the right to terminate the appointment of the Principal Paying Agent and Registrar provided that no such termination shall take effect until a principal paying agent and registrar having a specified office in London has been appointed and notice of whose appointment has been given to holders of Stock in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock will be available for delivery at the specified office of the Principal Paying Agent and Registrar and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be despatched, in each case as soon as practicable and in any event within 3 days of receipt of the relevant application duly completed, in accordance with the instructions contained in the application.

Stock Exchange Dealing

The Stock in both registered and bearer forms will be eligible to be dealt in on The Stock Exchange, London in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. The price of the Stock will be quoted exclusive of accrued interest.

It is expected that dealings on The Stock Exchange will begin on Friday, May 1, 1981 for deferred settlement on Thursday, May 7, 1981.

Transfer

The initial Register and Transfer Office for the Registered Stock will be at Barings, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 of Great Britain applied or by any other form approved by the Bank.

The Bearer Bonds will be transferable by delivery.

Under present legislation, transfers of the Stock will be free of United Kingdom stamp duty.

Redemption and Purchase

The Stock is to be repaid at par on May 6, 1986. The Bank may at any time purchase Stock on any recognized stock exchange or by tender (available to all holders of Stock alike) at any price or by private treaty at a price (exclusive of expenses and accrued interest) not exceeding 115 per cent. of the middle market quotation of the Stock on The Stock Exchange, London (or, failing such quotation on such other stock exchange on which the Stock is listed for the time being) at the close of business on the last business day before the date of purchase but save as aforesaid the Bank may not purchase any Stock. The Bank will be entitled to hold and deal with Stock so purchased which may be cancelled or not as the Bank thinks fit.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by warrant, drawn on a Town Clearing Branch of a bank in the City of London, which will be sent at the holders' risk by post to persons who are registered as holders of Stock at the close of business on the relevant Record Date or to their nominated agents and made payable to such holders or as they may direct. In the case of joint holders, the warrant will be sent to the first-named unless instructions to the contrary are given in writing. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Principal Paying Agent and Registrar is not open for business then the Record Date shall mean the first day thereafter on which such specified office is open for business.

In the case of Bearer Bonds, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons at the specified office of any Paying Agent by a cheque in pounds sterling drawn on, or by transfer to an account maintained by the payee with, a bank in London: subject in each case to any laws or regulations applicable thereto. However, no Paying Agent in London shall, unless the Bank notifies holders of stock to the contrary in accordance with "Notices" below, make any payment of interest against presentation of Coupons.

Bearer Bonds should be surrendered for redemption together with all unmatured Coupons, failing which the face value of any missing unmatured Coupon (or, in the case of partial payment in respect of any Bearer Bond being made, the proportion of such face value which the amount of the partial payment bears to the principal amount of the Bearer Bond) will be deducted from the principal sum due for payment. Any amounts of principal so deducted will be paid in the manner mentioned in the preceding paragraph against surrender of the relevant missing Coupons at any time before the expiry of a period of 10 years after the due date for redemption, whether or not such Coupons would otherwise become void pursuant to "Prescription" below.

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment of such amount until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph "Payments," the expression "business day" means any day on which banks are open for business in the place where the specified office of the Paying Agent at which the Bearer Bond or Coupon is presented for payment is situated and (in the case of payment by transfer to an account maintained by the payee in London as referred to above) on which dealings in pounds sterling may be carried on both in London and in such place.

The initial Paying Agents and their specified offices are listed below. The Bank will at all times maintain a Paying Agent in London and in at least one country in Europe other than the United Kingdom. Holders of Stock will be notified in accordance with "Notices" below of the replacement of any Paying Agent, or changes in its specified office or the appointment of additional paying agent(s).

Current United Kingdom Tax Treatment

Interest on the Stock paid as provided herein is payable without deduction of United Kingdom income tax.

Holders of Stock who are liable to United Kingdom tax on capital gains should note that the provision in Section 67 of the Capital Gains Tax Act 1979 which exempts from tax capital gains on Gilt-edged securities (as defined for such purposes) held for more than 12 months does not apply to the Stock.

Events of Default

If the Bank shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund in, any bonds or notes (including the Stock) or similar present or future obligations which have been issued, assumed or guaranteed by the Bank, or in the performance of any other obligation arising from "Negative Pledge" above, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default the holder of any of the Stock may deliver or cause to be delivered to the Bank at its Principal Office in the City of Washington, District of Columbia, United States of America, written notice that such holder elects to declare the principal of all Stock held by him to be due and payable, and on the thirtieth day after such notice shall be so delivered to the Bank the principal of such Stock shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured.

Prescription

The Bearer Bonds will become void unless surrendered for payment within a period of 10 years and the Coupons will, except as mentioned in "Payments" above, become void unless surrendered for payment within a period of 5 years, in each case from the due date.

In the case of Registered Stock, principal will cease to be payable on the expiry of a period of 10 years and interest will cease to be payable on the expiry of a period of 5 years, in each case from the due date.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Bearer Bond or unmatured Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Principal Paying Agent and Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Bank and the Principal Paying Agent and Registrar may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before replacements will be issued.

Title to Bearer Bonds and Coupons

The Bank and any Paying Agent may treat the holder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice to the contrary or writing thereon) for the purposes of receiving payment and for all other purposes.

Notices

All notices shall be valid if despatched by post to the holders of Registered Stock at their registered addresses (in the case of joint holders to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in a newspaper having general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the *Financial Times*. Any such notice shall be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

Governing Law

The Stock and the provisions of the Instrument will be governed by and construed in accordance with the laws of England. Legal proceedings in connection therewith may be brought in the courts of England.

Trustee Status

When the Stock is listed, Registered Stock and Bearer Bonds will be instruments falling within Part II of the first Schedule to the Trustee Investments Act 1961, subject in the case of Bearer Bonds to the provisions of Section 7 of The Trustee Act 1925.

Building Society Status

When the Stock is listed, Registered Stock will be an instrument falling within Part I of the Schedule to The Building Societies (Authorised Investments) (No. 2) Order 1977 (as amended).

INFORMATION RELATING TO THE BANK

The International Bank for Reconstruction and Development (the "Bank") is an international organization, often called the World Bank, the members of which are governments. The Bank was established and is operating under the Articles signed by those governments which are its shareholders. The Bank officially began its operations on June 25, 1946. The principal office of the Bank is located at 1818 H Street, N.W., Washington, D.C. 20433, United States of America.

One hundred and thirty-nine governments are now members of the Bank. A list of the members at December 31, 1980 showing the voting power of each and the amount of the subscription of each to the Bank's capital stock is set forth in Appendix E.

The principal purpose of the Bank is to promote the economic development of its member countries, primarily by providing loans for specific projects and related technical assistance, in the interest of promoting the long-term growth of international trade and improved standards of living.

Membership of the United Kingdom

The United Kingdom became a member of the Bank pursuant to the Bretton Woods Agreements Act, 1945. The United Kingdom has subscribed $3,316,066,000 of the capital of the Bank, valued on the basis described below under "Capitalization" at December 31, 1980, and is entitled to cast 26,250 votes, i.e. approximately 7.60% of the total votes of all present members. In respect of its subscription, the United Kingdom had a paid-in amount equivalent to $331,606,600 of which $33,160,660 is in United States dollars and $298,445,940 equivalent in pounds sterling. The unpaid portion of the subscription of the United Kingdom of $2,984,459,400 equivalent may be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. As to $2,652,852,800 the restriction on such calls is imposed by the Articles and as to $331,606,600 by resolutions of the Board of Governors.

Purpose of Issue

The net proceeds to the Bank from the sale of the Stock will be used in the general operations of the Bank.

Capitalization

The capital stock of the Bank and the subscriptions thereto of members are expressed, under the Articles, in terms of United States dollars of the weight and fineness in effect on July 1, 1944 ("1944 dollars"). Until March 31, 1978, the 1944 dollar was translated by the Bank into current United States dollars on the basis of the par value of the United States dollar notified to the International Monetary Fund (the "Fund"). On that basis, the 1944 dollar equalled $1.20635 as of March 31, 1978. On April 1, 1978 amendments to the Fund's Articles of Agreement entered into force as a result of which currencies no longer have par values, gold is abolished as a common denominator of the monetary system and all calculations for purposes of the Fund's Articles are made on the basis of the special drawing right (SDR), a unit of value composed of stated amounts of specified currencies. On June 30, 1980 and December 31, 1980, the equivalent of the SDR in current United States dollars as calculated by the Fund was $1.32438 and $1.27541 respectively.

Based on a legal opinion of the Bank's General Counsel, the Bank's financial statements for the years ended June 30, 1978, 1979 and 1980, as approved by the Bank's Executive Directors, and subsequent quarterly statements express the Bank's capital stock in terms of SDRs on the basis that one SDR equals one 1944 dollar. However, in view of questions raised by a member government, the Executive Directors have not finally determined the effect of the Fund's amendments on the valuation of the Bank's capital and the rights and obligations of members with respect thereto, including maintenance of value obligations. (See Appendix F, "Summary of Significant Accounting and Related Policies—Capital Stock" and Note B.)

The following table shows the borrowings of the Bank outstanding at December 31, 1980, and as adjusted to reflect (i) debt subsequently issued, matured or to be issued under contracts and (ii) the issuance of the Stock; and the capital and reserves of the Bank at December 31, 1980:

Expressed in United States Dollars (in thousands)

	Outstanding	As adjusted
BORROWINGS: (1)		
Payable in U.S. dollars ..	$ 9,094,454	$ 9,081,444
Payable in Deutsche mark	8,593,370	8,617,686
Payable in Swiss francs	5,262,263	5,568,956
Payable in Japanese yen	4,631,138	5,130,153
Payable in other currencies	1,359,922	1,753,659
Principal outstanding at face value ..	$28,941,147	$30,151,898
Less—Net unamortized discounts and premiums	34,168	34,168
Totals	$28,906,979	$30,117,730
CAPITAL AND RESERVES: (2)		
Subscribed capital stock		$39,618,061(3)
Less—Uncalled portion of subscriptions		35,656,255(3)
Capital stock paid in		$ 3,961,806
Reserves and accumulated net income (4)		3,549,951
Total		$ 7,511,757

(1) For the currency distribution, weighted average effective interest rates and other details of borrowings at December 31, 1980, see Appendix D.

(2) The equivalent figures for capital expressed in SDRs are as follows: subscribed capital stock, SDR 31,063,000,000; uncalled portion of subscriptions, SDR 27,956,700,000; and capital stock paid in, SDR 3,106,300,000. (See Appendix F, "Summary of Significant Accounting and Related Policies—Capital Stock," and Note B.) The subscriptions of the members at December 31, 1980 are set forth in Appendix E.

(3) Of the Bank's aggregate subscribed capital stock, $24,210,311,000 (or about 66%), had at December 31, 1980, been subscribed by the member countries of the Bank which are also members of the Development Assistance Committee of the Organization for Economic Co-operation and Development. These countries, listed in order of size of subscription, are United States, United Kingdom, Federal Republic of Germany, France, Japan, Canada, Italy, Netherlands, Belgium, Australia, Sweden, Austria, Denmark, Norway, Finland and New Zealand. The uncalled portion of their subscriptions was $23,589,370,000.

(4) See Appendix F—Note D.

At December 31, 1980, the maturity structure of the Bank's outstanding borrowings (in thousands) was as follows:

Maturing in	Placed with official sources (1)	Placed with others	Totals
Not more than 5 years	$6,138,632	$ 8,911,313	$15,049,945
More than 5 years but not more than 10 years	1,628,284	6,370,246	7,998,530
More than 10 years	19,200	5,873,472	5,892,672
Totals	$7,786,116	$21,155,031	$28,941,147

(1) Official sources are member governments, central banks and other governmental institutions.

From time to time the Bank has made purchases of its outstanding securities for application toward sinking and purchase fund requirements. The Bank may continue making such purchases both during the period of distribution of the Stock and thereafter.

Capital Stock

On the basis of the substitution of one SDR for one 1944 dollar, the authorized capital of the Bank at December 31, 1980, expressed in current United States dollars, was $89,916,405,000 (SDR 70,500,000,000 divided into 705,000 shares of the par value of SDR 100,000 each).

Of the subscribed capital at December 31, 1980:

(1) $538,082,000, which was initially paid in gold or United States dollars, or converted by the subscribing members into United States dollars, may, under the Articles, be freely used by the Bank in any of its operations.

(2) $3,423,724,000, which was paid in the currencies of the subscribing members, may, under the Articles, be lent only with the consent of the member whose currency is involved. At December 31, 1980, $2,392,905,000 had with such consent been used for lending purposes or allocated for such use. Under the Articles, these amounts are subject to maintenance of value obligations. (See Appendix F—Note B.)

(3) $31,694,449,000 may, under the Articles, be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it. This amount is thus not available for use by the Bank in making loans. Payment on any such call may be made, at the option of the particular member, either in gold, in United States dollars or in the currency required to discharge the obligations of the Bank for which the call is made. No calls have been made on this portion of the subscribed capital.

(4) $3,961,806,000 is to be called only when required to meet obligations of the Bank for funds borrowed or on loans guaranteed by it, pursuant to resolutions of the Board of Governors of the Bank. Of this amount, 10% would be payable in gold or United States dollars and 90% in the currencies of the subscribing members. While these resolutions are not legally binding on future Boards of Governors, they do record an understanding among members that this amount will not be called for use by the Bank in its lending activities or for administrative purposes.

The uncalled amount of the subscribed capital referred to in (3) and (4) above, totalling $35,656,255,000 is an asset of the Bank of which it is bound to avail itself when and to the extent necessary to meet obligations of the Bank for funds borrowed or on any loans which might be guaranteed by it. Calls on unpaid subscriptions are required to be uniform, but the obligations of the members of the Bank to make payment on calls are independent of each other. A failure of one or more members to make payment on such a call would not excuse any other member from its obligation to make payment; and if the amount received on a call is insufficient to meet the obligations of the Bank for which the call is made, the Bank has the right and is bound to make further successive calls until the amounts received are sufficient to meet such obligations. However, no member may be required on any such call or calls to pay more than the unpaid balance of its capital subscription.

On January 4, 1980, the Bank's Board of Governors adopted a resolution (the General Capital Increase Resolution) which increases the authorized capital stock of the Bank by 331,500 shares (subject to adjustment as described below); this represents an increase of approximately $40,000,000,000. Subscriptions by members to about 93% of these shares are authorized. The General Capital Increase Resolution further provides that the paid-in portion of the shares authorized to be subscribed will be 7.5% (in contrast to the 10% paid-in portion of existing capital stock); subscribing members will be required to pay ¾% of the subscription price in gold or United States dollars and 6¾% in their respective currencies. Under the Articles, each member is entitled to 250 membership votes plus one vote for each share subscribed. To avoid dilution of the voting power of certain members which would otherwise occur as this increase in capital is subscribed, the Board of Governors adopted another resolution on January 4, 1980 which increases the authorized capital stock by an additional 33,500 shares (representing a further increase of approximately $4,000,000,000) and authorizes each member to subscribe 250 shares of this additional capital, none of which will be paid in. No subscriptions authorized by these resolutions may be accepted prior to September 30, 1981.

The General Capital Increase Resolution provides for a reduction of the number of shares authorized by it if, as a result of determinations on the valuation of the Bank's capital stock, the 331,500 shares authorized represent an increase in authorized capital in excess of $40,000,000,000, calculated as of the time of such determinations on the basis of the standard of value determined. In this case the number of shares authorized by the General Capital Increase Resolution will be reduced so that their aggregate par value at that time will be equivalent (to the nearest number of shares) to $40,000,000,000, the number of shares authorized to be subscribed by each member will be correspondingly reduced, and adjustments will be made on account of any shares already subscribed by members in excess of their reduced authorization.

STATEMENTS OF INCOME, OF ACCUMULATED NET INCOME AND OF CHANGES IN GENERAL RESERVE

The following statements of income, of accumulated net income and of changes in general reserve relating to the operations of the Bank for the five years ended June 30, 1980, have been examined by Price Waterhouse & Co., independent accountants, whose report thereon is included elsewhere in this Prospectus. The statements relating to the operations for the six months ended December 31, 1979 and 1980, not examined by Price Waterhouse & Co., reflect in the opinion of the management all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for those periods. The statements should be read in conjunction with the other financial statements and related notes appearing in Appendices A-F.

STATEMENT OF INCOME

Expressed in United States Dollars (in thousands)

	Fiscal years ended June 30					Six months ended December 31	
	1976	1977	1978	1979	1980	1979	1980
						(Unaudited)	
INCOME							
Income from loans:							
Interest ..	$ 825,191	$ 985,271	$1,218,443	$1,543,471	$1,800,996	$873,271	$1,002 892
Commitment charges ..	71,336	87,458	106,149	125,371	143,787	70,789	89,303
Income from investments (1)	424,892	536,054	613,560	743,940	834,498	407,515	402,535
Other income (2) ..	8,228	8,593	8,414	11,788	20,249	11,783	9,820
Total Income ..	$1,329,547	$1,617,376	$1,946,566	$2,424,570	$2,799,530	$1,363,358	$1,504,550
EXPENSES							
Interest on borrowings ..	$ 977,298	$1,251,922	$1,541,629	$1,817,395	$1,975,489	$969,230	$1,073,557
Administrative expenses (3)	122,282	140,802	148,126	172,027	197,967	91,729	110,708
Bond issuance and other financial expenses ..	9,950	14,508	18,726	28,606	38,193	22,778	15,905
Discount on sales of loans ..	264	694	74	—	—	—	—
Total Expenses	$1,109,794	$1,407,926	$1,708,455	$2,018,028	$2,211,629	$1,083,737	$1,200,170
NET INCOME	$ 219,853	$ 209,450	$ 238,111	$ 406,542	$ 587,901(4)	$279,621	$ 304,380

(1) Includes the following net gains (losses) resulting from sales of investments: $41,457,000—June 30, 1976, $80,981,000—June 30, 1977, ($6,191,000)—June 30, 1978, ($73,134,000)—June 30, 1979, ($103,415,000)—June 30, 1980, ($58,996,000)—December 31, 1979 and ($67,816,000)—December 31, 1980.

(2) Includes the following gains resulting from repurchases of obligations of the Bank pursuant to the terms of the respective borrowing agreements: $8,050,000—June 30, 1976, $8,335,000—June 30, 1977, $7,941 000—June 30, 1978, $10,029,000—June 30, 1979, $11,903,000—June 30, 1980, $5,478,000—December 31, 1979 and $9,160,000—December 31, 1980.

(3) The administrative expenses shown are net of the management fee charged to the International Development Association and of the service and support fee charged to the International Finance Corporation as follows (in thousands):

STATEMENT OF INCOME—(Continued)

Expressed in United States Dollars (in thousands)

	Fiscal years ended June 30					Six months ended December 31	
	1976	1977	1978	1979	1980	1979	1980
						(Unaudited)	
Management fee ..	$62,770	$72,296	$91,911	$121,425	$140,300	$67,350	$78,065
Service and support fee ..	$ 1,485	$ 1,657	$ 2,158	$ 2,197	$ 2,447	$ 1,223	$ 1,437

(4) In July 1980 the Bank allocated $469,901,000 to the General Reserve out of the $587,901,000 net income earned in the fiscal year ended June 30, 1980 and in October 1980, authorized the transfer of the balance of $118,000,000 by way of grant to the International Development Association.

At June 30, 1980, interest and other charges of $52,000 payable to the Bank on loans were overdue by more than 60 days. The principal disbursed and outstanding on these loans amounted to $47,982,000. All these amounts have since been paid. At December 31, 1980 (unaudited), principal instalments of $216,000 and interest and other charges of $2,058,000 payable to the Bank on loans were overdue by more than 60 days. The principal disbursed and outstanding on these loans amounted to $96,394,000. It is not anticipated that these delays will result in any loss to the Bank.

STATEMENT OF ACCUMULATED NET INCOME

Expressed in United States Dollars (in thousands)

	Fiscal years ended June 30					Six months ended December 31	
	1976	1977	1978	1979	1980	1979	1980
						(Unaudited)	
Accumulated net income at beginning of period ..	$274,971	$219,853	$209,450	$238,111	$406,542	$406,542	$587,901
Allocation to general reserve	(164,971)	(119,853)	(109,450)	(138,111)	(306,542)	(306,542)	(469,901)
Transfer to International Development Association—(See Appendix F—Notes D and E) ..	(110,000)	(100,000)	(100,000)	(100 000)	(100,000)	(100,000)	(118,000)
Net income for period ..	219,853	209,450	238,111	406,542	587,901	279,621	304,380
Accumulated net income at end of period ..	$219,853	$209,450	$238,111	$406,542	$587,901	$279,621	$304,380

STATEMENT OF CHANGES IN GENERAL RESERVE

Expressed in United States Dollars (in thousands)

	Fiscal years ended June 30					Six months ended December 31	
	1976	1977	1978	1979	1980	1979	1980
						(Unaudited)	
Balance at beginning of period ..	$1,609,324	$1,623,515	$1,733,102	$1,952,751	$2,205,577	$2,205,577	$2,600,209
Allocation of portion of accumulated net income	164,971	119,853	109,450	138,111	306,542	306,542	469,901
Translation adjustments—(See Appendix F—Notes A and D) ..	(150,780)	(10,266)	110,199	114,715	88,090	51,222	(117,077)
Balance at end of period ..	$1,623,515	$1,733,102	$1,952,751	$2,205,577	$2,600,208	$2,563,341	$2,953,033

OPERATIONS OF THE BANK

Loan Policies

The Bank's lending operations have conformed generally to five principles derived from the provisions of the Articles. These principles, taken together, seek to ensure that Bank loans are made in member countries for financially and economically sound purposes to which those countries have assigned high priority and that funds lent are utilized as intended. The five principles are:

(a) The Bank makes loans either to member governments or governmental authorities or private enterprises in the territories of member governments. A loan which is not made directly to the government in whose territories the project being financed is located must be guaranteed as to principal, interest and other charges by the government or its central bank or a comparable agency of the government acceptable to the Bank. A guarantee by the government itself has been obtained in all such cases to date. (See, however, "Affiliated Organizations—IFC.")

(b) Loans must be for productive purposes. The Bank does not make loans which, in its opinion, cannot be justified on economic grounds.

(c) In making loans, the Bank must act prudently and pay due regard to the prospects of repayment. Before making a loan, the Bank studies, among other things, a country's economic structure and makes an assessment of the country's natural resources, the state of its basic infrastructure, industry and agriculture, the quality of its public administration, its trade patterns and its balance of payments position. In addition, on the basis of information supplied by the country, the Bank estimates the country's existing and prospective debt service obligations and assesses its ability to generate sufficient foreign exchange to meet them.

(d) The Bank does not make loans which are obtainable in the private market on reasonable terms. The Bank is intended to promote private investment, not to compete with it, and does not undertake business which private investors are willing to transact on a reasonable basis.

(e) The use of loan proceeds is supervised. The Bank makes arrangements to ensure that funds lent are used only for authorized purposes with due attention to considerations of economy and efficiency. This policy is enforced primarily (i) by requiring borrowers to procure goods and services through procedures, including international competitive bidding, which the Bank judges to be likely to lead to cost-efficient procurement and (ii) by disbursing the proceeds of loans only on submission of documentation establishing, to the Bank's satisfaction, that the expenditure involved is made in conformity with the applicable lending agreements.

Within the scope permitted by the Articles, these policies must necessarily be developed and adjusted in the light of experience and changing conditions.

Under the Articles, the total amount outstanding of guarantees, participations in loans and direct loans made by the Bank may not be increased at any time to an amount in excess of the total unimpaired subscribed capital, reserves and surplus of the Bank at that time.

Loan Operations

From its establishment to December 31, 1980, the Bank had approved loans in the aggregate amount of $63,140,628,000 to finance projects or programs in 99 countries, including loans to the International Finance Corporation. (See "Affiliated Organizations—IFC.") The effective loans held by the Bank at December 31, 1980 totalled $47,955,266,000 of which the undisbursed balance was $20,757,205,000. The Bank has suffered no losses on its loans, and delays in the payment of loan service charges have been insignificant. The Bank follows a policy of not taking part in debt rescheduling agreements.

The Bank estimates that total disbursements up to December 31, 1980 for the purchase in the United Kingdom of goods and services financed by Bank loans amounted to the equivalent of approximately $2,304,300,000.

A summary statement of the Bank's loans at December 31, 1980 is set forth in Appendix C. A breakdown by sector of the Bank's total loans approved through December 31, 1980; for the last three fiscal years; and for the six months ended December 31, 1980 is as follows (in millions):

Purposes	Total loans approved to December 31, 1980		Fiscal years ended June 30: 1978		1979		1980		Six months ended December 31, 1980	
Agricultural and rural Development ..	$12,840.8	21%	$1,929.0	32%	$1,568.1	22%	$1,700.4	22%	$884.0	27%
Education ..	2,207.4	4	268.9	4	245.5	4	360.1	5	109.0	3
Energy ..	1,245.5	2	—	—	82.4	1	256.5	3	517.0	16
Industrial development and finance ..	6,780.4	11	829.5	14	628.6	9	945.0	12	360.0	11
Industry ..	5,084.5	8	364.8	6	721.0	10	485.5	6	15.0	—
Non-project ..	2,639.1	4	80.0	1	301.5	4	280.0	4	323.0	10
Population and nutrition ..	226.8	—	25.0	—	17.0	—	65.0	1	—	—
Power ..	12,156.9	19	900.0	15	872.5	13	1,584.5	21	345.0	11
Technical assistance ..	41.6	—	11.0	—	—	—	—	—	—	—
Telecommunications ..	1,263.8	2	153.6	2	110.0	2	66.0	1	—	—
Tourism ..	363.6	1	60.0	1	66.7	1	—	—	—	—
Transportation ..	13,432.6	21	918.1	15	1,430.9	21	1,206.0	16	530.0	16
Urban development ..	1,173.4	2	222.4	4	297.5	4	249.8	3	36.0	1
Water supply and sewerage ..	2,934.2	5	345.4	6	647.3	9	448.4	6	151.0	5
Totals (1) ..	$62,590.6	100%	$6,097.7	100%	$6,989.0	100%	$7,644.2	100%	$3,250.0	100%

(1) Excludes loans to the International Finance Corporation.

Funds for disbursements under loans made by the Bank have been obtained from the Bank's paid-in capital, from funds derived from the Bank's operations, from the issuance of its own obligations, from principal repayments on loans and from sales of portions of loans. (See Appendix B.)

The Bank keeps under continuous review the creditworthiness of its member countries which have obligations to the Bank as borrowers and adjusts its lending operations to reflect the results of these reviews. The creditworthiness of these countries varies according to a number of factors including, in particular, changes in the prices and volumes of their exports relative to imports. The poorer countries which have the least flexibility to adapt to adverse conditions, borrow mainly from the International Development Association (IDA). (See "Affiliated Organizations—IDA.") IDA was established in 1960, as a separate and distinct entity for whose obligations the Bank is not liable, to provide funds on highly concessionary terms to these countries.

Loan Charges and Return on Average Earning Assets

The interest rate to be charged on loans submitted to the Executive Directors after January 12, 1981 has been set at 9.60% per annum. At least once a year, and more often if necessary, the Bank's lending rate is adjusted so as to achieve a spread of approximately ½ of 1% per annum above its cost of borrowing. Interest is charged only from the time of disbursement and remains at a fixed rate throughout the term of the loan. The Bank normally imposes a commitment charge (at present ¾ of 1% per annum) on undisbursed portions of loans. The average disbursement period for the Bank's loans is about six years.

For the fiscal years 1978 through 1980 and the six months ended December 31, 1980, the average interest rate on the Bank's loans, the return on average earning assets and the average cost of the Bank's borrowings and other funds were as follows:

	Fiscal years ended June 30: 1978	1979	1980	Six months ended December 31, 1980
Average interest rate on loans approved in period (1) ..	7.57%	7.54%	8.14%	9.01%
Average interest rate on disbursed and outstanding loans—end of period (2)	7.10	7.27	7.41	7.50
Return on average earning assets (3)	7.41	7.71	8.17	8.20
Average cost of total borrowings and other funds available during period (4) ..	6.09	5.98	6.00	6.03

(1) Does not include commitment charge of 0.75% per annum applicable to undisbursed loans which aggregated $20,757,205,000 at December 31, 1980.

(2) Weighted by amount only.

(3) Interest and net realized gains or losses on investments, interest on disbursed and outstanding loans and commitment charges on undisbursed loans as a percentage of average liquid investments and disbursed and outstanding loans (computed on the basis of month-end amounts).

(4) Interest expense, including net amortization of discounts, premiums and issuance and other expenses, as a percentage of average total funds available to the Bank (computed on the basis of month-end amounts). Total funds at December 31, 1980 were: borrowed funds ($28,941 million), usable capital ($2,801 million), the General Reserve ($2,953 million), the Special Reserve ($293 million) and accumulated net income ($304 million).

Maturity Structure of Loans

The average life of loans committed was 10.23 years at June 30, 1978, 9.68 years at June 30, 1979, 9.22 years at June 30, 1980 and 9.25 years at December 31, 1980. At December 31, 1980, the maturity structure of the Bank's effective loans (in thousands) was as follows:

Not more than 5 years	$11,886,948
More than 5 but not more than 10 years	15,993,470
More than 10 years	17,010,000
Undetermined (1)	3,064,848
Total	$47,955,266

(1) Represents cancellations, prepayments and exchange adjustments which have not been allocated to specific maturities.

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Continued Page 3—International Bank for Reconstruction and Development

Liquidity and Borrowing Policies

*Under its current liquidity policy, the Bank seeks to maintain its cash and liquid investments at approximately 40% of its projected borrowing program for the succeeding three years (excluding any amounts to be borrowed to increase cash and liquid investments in this period), but liquidity may at times exceed this level because of the Bank's policy of pursuing a gradual and orderly increase in the annual volume of Bank borrowing. The purpose of this liquidity policy is to enable the Bank to forego new borrowings in the event it is unable to borrow at what it considers appropriate costs and maturities. At December 31, 1980 the Bank's cash and liquid investments amounted to about $8,654,000,000. Pursuant to a resolution of the Bank's Executive Directors, the Bank's liquid investments are limited to obligations of governments and of certain United States Government instrumentalities and to time deposits and other unconditional obligations of banks and financial institutions. So as to minimize the cost of maintaining this liquidity, funds not required for the Bank's current operations are invested and managed with a view to obtaining the greatest financial return consistent with prudent financial management and the policies described in this section. The cost of carrying this liquidity is affected primarily by the cost of the Bank's borrowings (on both an overall and current cost basis) and the income it earns on these liquid investments. For the fiscal years 1978 through 1980 and the six months ended December 31, 1980, these factors were as follows:

	Fiscal years ended June 30			Six months ended December 31,
	1978	1979	1980	1980
Return on average liquid investments (1)	6.99%	7.55%	8.76%	8.72%
Average cost of borrowings drawn down in period (2)	6.73	6.22	8.24	8.08
Average cost of borrowings outstanding during period (3)	7.45	7.21	7.28	7.33

(1) Interest and net realized gains or losses as a percentage of average liquid investments (computed on the basis of month-end amounts). Liquid investments include interest-bearing demand deposits in banks of currencies not subject to restrictions and investment holdings (including investment securities agreed to be sold but excluding investment securities agreed to be purchased).

(2) Weighted by amount only.

(3) Interest expense, including net amortization of discounts, premiums and issuance and other expenses, as a percentage of average borrowings outstanding (computed on the basis of month-end amounts).

The Bank's policy is to diversify the markets for its securities by offering them to governmental and private buyers in the markets of as many countries as offer terms acceptable to the Bank. Accordingly, the Bank has borrowed extensively in certain countries when they have had capital available for export at rates of interest, and with maturities, acceptable to the Bank. Thus the shifting pattern of savings and balance of payments surpluses since the mid-1960s was reflected in corresponding shifts in the major sources of funds for the Bank. During the five fiscal years 1976 through 1980, the Bank sold its securities to underwriters or other non-governmental purchasers in the markets of ten countries and has borrowed from official sources in 95 countries.

The following table shows (i) the amounts of borrowings from official and other sources and the net borrowings during the fiscal years 1978 through 1980 and the six months ended December 31, 1980 and (ii) the average lives of outstanding borrowings from these sources at the end of these periods:

Borrowings
Expressed in United States Dollars (in thousands)

	Fiscal years ended June 30			Six months ended December 31,
	1978	1979	1980	1980
Placed with official sources (1)	$1,207,746	$1,619,367	$1,622,179	$ 834,510
Placed with others	2,410,996	3,010,060	3,951,618	1,659,906
Total borrowings	$3,618,742	$4,629,427	$5,573,797	$2,494,416
Less: Repayments	1,465,253	1,850,479	2,790,958	2,018,019
Net borrowings	$2,153,489	$2,778,948	$2,782,839	$ 476,397

Average lives of borrowings (years)

	June 30			December 31,
	1978	1979	1980	1980
Placed with official sources (1)	3.84	3.61	3.40	3.39
Placed with others	7.29	6.90	7.02	7.28
Total outstanding	6.17	5.93	6.05	6.23

(1) Official sources are member governments, central banks and other governmental institutions.

The Bank's resources are derived from its capital, borrowings and accumulated earnings in the various currencies of its members and Switzerland and are held, invested or lent in those same currencies. The Bank matches its borrowing obligations in any one currency with assets in the same currency, as prescribed by its Articles, primarily by holding or lending the proceeds of its borrowings in the same currencies in which they were borrowed. Borrowed funds are sometimes temporarily converted into other currencies and at the same time, forward exchange contracts are entered into in order to recover the currency converted. The Bank maintains a neutral currency position with respect to its other resources by not converting one currency into another except for small amounts required to meet certain obligations and operational needs of the Bank. (See Appendix F.) Of the various currencies it receives, the Bank generally invests the currencies on which it can obtain higher yields and disburses, under its loans, other currencies for which there are no suitable investment opportunities.

Under the Articles, the Bank may borrow only with the approval of the member country in whose markets the funds are raised and the member in whose currency the borrowing is denominated, and only if the member agrees that the proceeds may be *exchanged for the currency of any other member without restriction. Pursuant to the* Bank's agreement with Switzerland (see "Legal Status, Privileges and Immunities"), the Bank must also obtain the consent of Switzerland to borrow in its markets.

Other Activities

In addition to its financial operations, the Bank has furnished technical assistance to its member countries, both in connection with and independently of loan operations. Such assistance has taken a variety of forms, including the assignment of qualified technicians to survey development possibilities of member countries, to analyze their fiscal and economic problems, to appraise projects suitable for investment and to assist member countries in drawing up development programs. To assist the developing countries, the Bank has also established an Economic Development Institute which provides for selected groups of key government officials an intensive course in economic policy and administration. Furthermore, the Bank has on a number of occasions, at the request of member governments concerned, lent its good offices in connection with the settlement of international economic and financial problems.

AFFILIATED ORGANIZATIONS

The activities of the Bank are supplemented by those of two affiliated international organizations, the International Finance Corporation (IFC) and the International Development Association (IDA). Membership in these organizations is open only to member governments of the Bank. Executive Directors of the Bank serve *ex officio* on the Board of Directors of IFC and as Executive Directors of IDA if they represent at least one government which is a member of these organizations. The President of the Bank is also the President of IFC and IDA. IDA and the Bank have the same staff, and IFC, although employing its own staff, shares some staff members with the Bank. However, IFC and IDA are each legal entities which are separate and distinct from the Bank.

IFC

IFC's purpose is to encourage the growth of productive private enterprises in its member countries and make investments in such enterprises without government guarantee. At December 31, 1980, one hundred and eighteen governments were members of IFC. At that date, the authorized capital of IFC was $650,000,000 of which $479,890,000 had been subscribed.

Under its Articles, the Bank is permitted to make loans to IFC without government guarantee, subject to the limitation that the Bank may not lend IFC any amount which would increase IFC's total outstanding debt incurred from any source to an amount exceeding four times the total of IFC's unimpaired subscribed capital and surplus, such total at December 31, 1980 being $527,495,000. At December 31, 1980, IFC had borrowings of $480,582,000 of which $445,582,000 was lent by the Bank. Of the latter amount, $413,476,000 had been drawn down.

IDA

IDA's purpose is to promote economic development in the less developed areas of the world included within IDA's membership by providing finance on terms which are more flexible and bear less heavily on the balance of payments than those of conventional loans. *IDA currently requires only a ¾ of 1%* per annum service charge on its credits. At December 31, 1980, one hundred and twenty-five governments were members of IDA. Their subscriptions and supplementary contributions at that date totalled the equivalent of $21,168,809,000 of which $52,542,000 is payable on various dates in fiscal year 1981. Transfers to IDA by the Bank have been made as indicated below. In addition, Switzerland has *made loans to IDA totalling* SwF 182,000,000. The balance of these loans outstanding at December 31, 1980 was SwF 181,480,000. Based on the outcome of discussions among donor countries, the Board of Governors of IDA approved on March 26, 1980 a sixth replenishment of IDA's resources in an amount equivalent, as of October 5, 1979, to $12,000,000,000 for the three-year period ending June 30, 1983 in order to provide funds for commitment in that period. *For the replenishment to become effective, legislative* authorization will be required in the United States and in certain other countries. However, a number of members have paid or have notified IDA that they will pay part of their contributions without regard to the effectiveness of this replenishment. As of February 28, 1981, these advance contributions totalled the equivalent of $1,740,873,000.

For each of the fiscal years 1964 through 1980, the Bank decided that its financial position made it unnecessary to retain in the business all the earnings for such fiscal year and that it would transfer a portion of them as a grant to IDA. Such grants have aggregated the equivalent of $1,543,000,000 for those fiscal years. These grants were made in accordance with *the following statement* of policy which was adopted by the Bank in September 1964:

> "Any transfers to the Association will be made only out of net income which (i) accrued during the fiscal year in respect to which the transfer is made and (ii) is not needed for allocation to reserves or otherwise required to be retained in the Bank's business and, *accordingly, could* prudently be distributed as dividends."

ADMINISTRATION OF THE BANK

The Bank's administration is composed of the Board of Governors, the Executive Directors and the President, other officers and staff.

All the powers of the Bank are vested in the Board of Governors which consists of a Governor and *an Alternate Governor appointed* by each member of the Bank, who exercise the voting power to which that member is entitled. Each member is entitled to 250 votes plus one vote for each share held. The Board holds regular annual meetings.

There are, at present, *twenty-one* Executive Directors. Five are appointed, one by each of the five members *having* the largest number of shares of capital stock (United States, United Kingdom, Federal Republic of Germany, France *and Japan), and the remaining* sixteen are elected by the Governors representing the other members. The Board of Governors has delegated to the Executive Directors authority to exercise all the powers of the Bank except those reserved to the Governors under the Articles. The Executive Directors *function as a board, and* each Executive Director is entitled to cast the number of votes of the member or members by which he was appointed or elected.

The President is selected by the Executive Directors. Subject to their direction on questions of policy, he is responsible for the conduct of the ordinary business of the Bank and for the organization, appointment and dismissal of its officers and staff.

Executive Directors

The following is a list at April 15, 1981 of the Executive Directors of the Bank and the member governments by which they were appointed or elected:

Executive Directors	*Member Governments*
Vacant(*)	United States
John Anson	United Kingdom
Eberhard Kurth	Federal Republic of Germany
Paul Mentre de Loye	France
Seiji Morioka	Japan
Said E. El-Naggar (Arab Republic of Egypt)	Bahrain, Arab Republic of Egypt, Iraq, Jordan, Kuwait, Lebanon, Maldives, Pakistan, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen Arab Republic
Earl G. Drake (Canada)	Bahamas, Barbados, Canada, Dominica, Grenada, Guyana, Ireland, Jamaica, St. Lucia
Giorgio Ragazzi (Italy)	Greece, Italy, Portugal
H. N. Ray (India)	Bangladesh, India, Sri Lanka
Anthony IJ. A. Looijen (Netherlands)	Cyprus, Israel, Netherlands, Romania, Yugoslavia
Jacques de Groote (Belgium)	*Austria, Belgium, Luxembourg, Turkey*
Joaquin Muns (Spain)	Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Spain, Suriname, Venezuela
Wang Liansheng (China)	*China*
Hans Lundstrom (Sweden)	Denmark, Finland, Iceland, Norway, Sweden
Zain Azraai (Malaysia)	Burma, Fiji, Indonesia, Lao People's Democratic Republic, Malaysia, Nepal, Singapore, Thailand, Viet Nam
S. A. McLeod (New Zealand)	Australia, Republic of Korea, New Zealand, Papua New Guinea, Solomon Islands, Western Samoa
Y. S. M. Abdulai (Nigeria)	*Botswana, Burundi, Equatorial Guinea, Ethiopia,* The Gambia, Guinea, Kenya, Lesotho, Liberia, Malawi, Nigeria, Seychelles, Sierra Leone, Sudan, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia, Zimbabwe
Jaime Garcia-Parra (Colombia)	Brazil, Colombia, Dominican Republic, Ecuador, Haiti, Philippines
Armand Razafindrabe (Madagascar)	Benin, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, People's Republic of the Congo, Djibouti, Gabon, Guinea-Bissau, Ivory Coast, Madagascar, Mali, Mauritania, Mauritius, Niger, Rwanda, Sao Tome and Principe, Senegal, Somalia, Togo, Upper Volta, Zaire
David Blanco (Bolivia)	Argentina, Bolivia, Chile, Paraguay, Peru, Uruguay
Ismail Khelil (Tunisia)	Afghanistan, Algeria, Ghana, Iran, Libya, Morocco, Oman, Tunisia, People's Democratic Republic of Yemen

*The United States is currently represented by Temporary Alternate Executive Directors pending appointment of a new Executive Director.

Principal Officers

The following is a list at April 15, 1981 of the principal officers of the Bank:

Robert S. McNamara	President
Moeen A. Qureshi	Senior Vice President, Finance
Ernest Stern	Senior Vice President, Operations
Nicolas Ardito Barletta	Regional Vice President, Latin America and the Caribbean
Warren C. Baum	Vice President, Projects Staff
Munir P. Benjenk	Vice President, External Relations
Roger Chaufournier	Regional Vice President, Europe, Middle East and North Africa
Hollis B. Chenery	Vice President, Development Policy
K. Georg Gabriel	Vice President, Programming and Budgeting, and Vice President, Pension Fund
Heribert Golsong	*Vice President and General Counsel*
Masaya Hattori	Vice President and Controller
W. David Hopper	Regional Vice President, South Asia
S. S. Husain	Regional Vice President, East Asia and Pacific
A. David Knox	Regional Vice President, Western Africa
Martijn J. W. M. Paijmans	Vice President, Administration, Organization, Personnel Management
Eugene H. Rotberg	*Vice President and Treasurer*
T. T. Thahane	Vice President and Secretary
Willi A. Wapenhans	Regional Vice President, Eastern Africa
Mervyn L. Weiner	Director-General, Operations Evaluation

THE ARTICLES OF AGREEMENT

The Articles constitute the Bank's governing charter. They establish the status, privileges and immunities of the Bank, prescribe the Bank's purposes, capital structure and organization, authorize the operations in which it may engage and prescribe limitations on the carrying on of those operations. The Articles also contain, among other things, provisions with respect to the admission of additional members, the increase of the authorized capital stock of the Bank, the terms and conditions under which the Bank may make or guarantee loans, the use of currencies held by the Bank, the distribution of net income of the Bank to its members, the withdrawal and suspension of members and the suspension of operations of the Bank.

The Articles provide that they may be amended (except for certain provisions the amendment of which requires acceptance by all members) by consent of three-fifths of the members having four-fifths of the total voting power. The Articles further provide that questions of interpretation of provisions of the Articles arising between any member and the Bank or between members of the Bank shall be decided by the Executive Directors. Their decisions may be referred by any member to the Board of Governors, whose decision is *final. Pending the result of such reference* the Bank may act on the basis of the decision of the Executive Directors.

LEGAL STATUS, PRIVILEGES AND IMMUNITIES

The Articles contain provisions which accord to the Bank, in the territories of each of its members, legal status and certain immunities and privileges. The following is a summary of the more important of these provisions.

The Bank has full juridical personality with capacity to make contracts, to acquire and dispose of property and to sue and be sued. Actions may be brought against the Bank in the territories of any member in which the Bank has an office, has appointed an agent for accepting service or notice of process, or has issued or guaranteed securities, but no actions against the Bank may be brought by its members or persons acting for or deriving claims from its members.

The Governors and Executive Directors, and their Alternates, and the officers and employees of the Bank are immune from legal process for acts performed by them in their official capacity, except when the Bank waives such immunity.

The archives of the Bank are inviolable. The assets of the Bank are immune from seizure, attachment or execution prior to delivery of final judgment against the Bank.

The Bank, its assets, property and income, and its operations and transactions authorized by the Articles, are immune from all taxation and from all customs duties. The Bank is also immune from liability for the collection or payment of any tax or duty.

Although not a member of the *Bank, Switzerland has entered into an agreement* with the Bank which recognizes the Bank's international personality and legal capacity (including status in respect of suits by and against the Bank) and grants privileges and immunities which correspond in large part to those which the Bank enjoys in the territories of its members.

INDEX TO FINANCIAL STATEMENTS

Audited only as to June 30, 1980 and the five years then ended.

REPORT OF INDEPENDENT ACCOUNTANTS

To International Bank for Reconstruction and Development
Washington, D.C.

We have examined the financial statements of International Bank for Reconstruction and Development listed in the index to financial statements as of June 30, 1980 and for the five years then ended. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Consistent with past practice, the Bank records currency translation adjustments, *except those pertaining to the nine percent* portion of its capital stock, as charges against or credits to the General Reserve. Statement 8 of the Financial Accounting Standards Board requires that these adjustments, which are set forth in the Statement of Changes in General Reserve, be included in the determination of net income; however, in view of the Bank's character as an international organization and its related financial policies, which are described in the Summary of *Significant Accounting and Related Policies (Translation* of Currencies) and in Note A, the Bank does not deem the application of this accounting principle to be appropriate in the circumstances, and we concur with this conclusion.

In our opinion, the financial statements examined by us present fairly, in terms of *United States currency,* the financial position of International Bank for Reconstruction and Development at June 30, 1980, and the results of its operations and changes in its financial position for the five years then ended, in conformity with generally accepted accounting principles consistently applied.

PRICE WATERHOUSE & CO.

Washington, D.C.
July 30, 1980

Appendix A

BALANCE SHEET

June 30, 1980 and December 31, 1980
Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

ASSETS

	June 30, 1980		December 31, 1980 (Unaudited)	
DUE FROM BANKS				
Unrestricted currencies (including interest-bearing demand deposits $213,140—June 30, 1980, $317,404—December 31, 1980)	$ 357,145		$ 368,154	
Currencies subject to restrictions—Note B	176,945		300,229	
		$ 534,090		$ 668,383
INVESTMENTS—NOTE C				
Obligations of governments and their instrumentalities	$ 7,021,405		$ 6,719,976	
Time deposits and other obligations of banks and financial institutions	2,655,435		1,779,982	
		9,676,840		8,499,958
RECEIVABLE ON ACCOUNT OF SUBSCRIBED CAPITAL—SUBJECT TO RESTRICTIONS—NOTE B				
Non-negotiable, non-interest-bearing demand obligations	$ 497,272		$ 481,599	
Amounts due on subscribed capital	81,428		—	
Amounts required to maintain value of currency holdings	1,950		1,872	
		580,650		483,471
RECEIVABLES—OTHER				
Sales of investment securities	$ 29,283		$ 41,379	
Accrued income on loans	540,158		554,988	
Accrued interest on investments	142,070		212,772	
		711,511		809,139
LOANS (See Appendix C)	$51,546,740		$52,748,766	
Less—Loans approved but not yet effective	6,742,600		4,793500	
Effective loans (including undisbursed balance $18,110,545—June 30, 1980, $20,757,205—December 31, 1980)		44,804,140		47,955,266
OTHER ASSETS				
Land and buildings—Less accumulated depreciation ($14,667—June 30, 1980, $15,499—December 31, 1980)	$ 98,015		$ 98,688	
Unamortized issuance costs of borrowings	146,503		153,577	
Notional amounts required to maintain value of currency holdings—Note B	513,417		466,086	
Maintenance of value of capital subscriptions outstanding on loans, not yet due—Note B	1,384		1,347	
Miscellaneous	116,076		196,029	
		875,395		917,727
		$57,182,626		$59,331,944

BALANCE SHEET

June 30, 1980 and December 31, 1980
Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F
LIABILITIES, CAPITAL AND RESERVES

	June 30, 1980		December 31, 1980 (Unaudited)	
LIABILITIES				
Accrued charges on borrowings		$ 802,524		$ 761,686
Amounts required to maintain value of currency holdings—Note B		2,517		2,461
Notional amounts required to maintain value of currency holdings—*Note B*		*150,996*		*130,786*
Accounts payable and other liabilities		111,674		78,383
Payable for investment securities purchased		97,172		253,590
Due to International Development Association—Note E		789,048		874,079
Undisbursed balance of effective loans (See Appendix C)		18,110,545		20,757,205
Borrowings (See Appendix D)	$29,729,319		$29,138,191	
Less—Receivable under contracts	61,786		197,044	
Principal outstanding	$29,667,533		$28,941,147	
Less—Net unamortized discounts and premiums	32,216		34,168	
		29,635,317		28,906,979
CAPITAL AND RESERVES				
Capital stock (See Appendix E and Appendix F—Note B)				
Authorized capital (SDR 70,500,000—June 30, 1980 and December 31, 1980).				
Subscribed capital (SDR 30,171,800—June 30, 1980, SDR 31,063,000—December 31, 1980)	$39,958,929		$39,618,061	
Less—Uncalled portion of subscriptions (SDR 27,154,620—*June 30, 1980, SDR 27,958,700—December 31, 1980)*	35,963,036		35,656,255	
		3,995,893		3,961,806
Payments on account of pending subscriptions (See Appendix E)		6,290		55,028
Special reserve—Note D		292,538		292,538
General reserve—Note D		2,600,209		2,953,033
Accumulated net income		587,901		304,380
		$57,182,626		$59,331,944

Appendix B

STATEMENT OF CHANGES IN FINANCIAL POSITION

Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

	Fiscal years ended June 30					Six months ended December 31 (Unaudited)	
	1976	1977	1978	1979	1980	1979	1980
FUNDS PROVIDED							
Operations:							
Net income	$ 219,853	$ 209,450	$ 238,111	$ 406,542	$ 587,901	$ 279,821	$ 304,380
Items not requiring or providing cash:							
Accrued income on loans and investments	(10,178)	(58,213)	(119,151)	(87,292)	(120,319)	(144,809)	(85,532)
Accrued charges on borrowings and administrative expenses	62,057	107,520	118,892	130,738	114,402	7,777	(42,695)
Depreciation	1,428	1,428	1,428	1,428	1,468	598	832
Amortization of discounts, premiums and bond issuance expenses	10,215	13,094	18,464	18,283	25,951	12,388	15,132
Cash provided by operations	$ 283,375	$ 273,279	$ 257,744	$ 469,699	$ 609,403	$ 155,575	$ 192,117
Borrowings	3,921,486	4,727,700	3,618,741	4,629,427	5,573,797	3,304,196	2,494,416
Adjustments of borrowings outstanding as a result of currency depreciations and appreciations	(284,269)	566,294	1,971,461	899,049	604,300	367,612	(1,202,788)
Repayments of loans to the Bank (1) (2)	605,188	704,566	830,889	842,565	975,718	522,694	711,892
Sales of loans	47,620	165,229	161,622	66,872	23,052	17,028	18,899
Increase (decrease) in amounts payable for *investment securities traded*	*262,045*	*(199,006)*	*(13,851)*	*456,135*	*(408,125)*	*(293,309)*	*156,408*
Capital subscriptions and maintenance of value adjustments	33,566	16,355	83,714	187,972	52,185	10,138	94,198
Increase (decrease) in capital subscriptions as a result of depreciation (appreciation) of the United States dollar in terms of the SDR	—	—	88,461	146,430	110,426	76,102	(154,406)
Other	10,727	58,971	107,521	35,405	66,165	280,085	34,106
Total Funds Provided	$4,879,728	$6,313,377	$7,106,502	$7,730,554	$7,608,821	$4,430,102	$2,404,597
FUNDS USED							
Disbursements on loans	$2,535,401	$2,728,333	$2,817,418	$3,610,736	$4,369,045	$2,145,204	$2,461,562
Adjustments of loans outstanding as a result of currency depreciations and appreciations	(533,934)	457,503	1,819,156	315,465	437,730	414,387	(1,246,515)
Retirement of borrowings	1,277,512	1,463,108	1,465,253	1,850,479	2,790,958	1,433,346	2,018,019
Translation adjustments—Notes A and D	150,780	10,266	(110,199)	(114,715)	(88,090)	(61,222)	117,077
Payments on transfers to International Development Association	5,990	9,815	14,125	42,225	103,290	27,700	32,369
Increase (decrease) in amounts receivable for investments securities traded	(2,213)	(3,670)	(155)	372,041	(344,121)	(934,727)	12,096
Other	220,027	94,076	142,840	180,154	188,994	310,658	157,262
Total Funds Used	$3,653,569	$4,759,431	$6,148,438	$6,757,385	$7,457,746	$3,995,526	$3,572,470
INCREASE (DECREASE) IN UNRESTRICTED CURRENCIES AND INVESTMENTS	$1,226,159	$1,553,946	$ 958,064	$ 978,169	$ 151,075	$ 434,576	$(1,167,873)

(1) The dollar equivalents of loan principal repayments are recorded at the average of the historical rates of exchange prevailing at the time the funds were originally disbursed. The difference between the average historical rates of exchange and the market rates at the end of each quarter is included in Adjustments of Loans Outstanding as a Result of Currency Depreciations and Appreciations. The dollar equivalent of these loan principal repayments at the market rates of exchange in effect on the dates of repayment, has been calculated to be $688,095,000 at June 30, 1978, $852,415,000 at June 30, 1979, and $1,162,486,000 at June 30, 1980. Similar dollar equivalents for earlier fiscal years are not available.

(2) The dollar equivalents of loan principal repayments at December 31, 1979 and 1980 (unaudited) are shown at the market rates of exchange in effect on the dates of repayments. The dollar equivalents of these loan principal repayments at average historical rates are $457,314,000 at December 31, 1979 and $585,796,000 at December 31, 1980.

Appendix C

SUMMARY STATEMENT OF LOANS

June 30, 1980 and December 31, 1980 (Unaudited)
Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

December 31, 1980

Members liable as borrower or guarantor (1)	Effective loans held by Bank: Disbursed portion	Undisbursed portion (2)	Total	Loans approved but not yet effective (3)	Percent of total effective and non-effective loans
Algeria	$ 278,685	$ 567,265	$ 846,150	$ 247,000	2.07
Argentina (4)	501,457	431,402	932,859	278,000	2.30
Australia	104,757		104,757		.20
Austria	13,004		13,004		.02
Bahamas	2,685	6,368	9,053		.02
Bahamas, Barbados, Grenada, Guyana, Jamaica, Trinidad and Tobago, and United Kingdom (5)	12,213	30,573	42,786	—	.08
Bangladesh	62,850		62,850	—	.12
Barbados	812	26,135	26,947	—	.05
Bolivia (4)	181,913	103,585	285,498	—	.54
Botswana	58,902	41,878	100,380	—	.19
Brazil	2,387,547	2,286,872	4,674,419	338,000	9.50
Cameroon	163,258	119,377	282,635	61,000	.65
Chile	208,703	77,636	286,339	78,000	.69
Colombia	1,122,197	696,836	1,819,033	510,000	4.42
Congo, People's Republic of the	40,982	6,631	47,613	—	.09
Costa Rica	208,115	81,298	290,413	56,000	.67
Cyprus	62,226	55,263	117,489	—	.22
Denmark	6,316		6,316	—	.01
Dominican Republic	70,900	118,987	189,887	35,000	.43
Ecuador	113,775	146,263	260,038	75,000	.63
Egypt, Arab Republic of	424,593	510,261	934,854	151,000	2.08
El Salvador	96,901	78,297	175,198	—	.33
Ethiopia	81,408		81,408	—	.15
Fiji	36,658	29,555	66,213	18,000	.16
Finland	40,455		40,455	—	.08

Continued Page 4—International Bank for Reconstruction and Development

Appendix C

SUMMARY STATEMENT OF LOANS—(Continued)
June 30, 1980 and December 31, 1980 (Unaudited)
Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

	December 31, 1980				
	Effective loans held by Bank				
Members liable as borrower or guarantor (1)	Disbursed portion	Undisbursed portion (2)	Total	Loans approved but not yet effective (3)	Percent of total effective and non-effective loans
Gabon	$ 23,009	$ 1,755	$ 24,764	—	.05
Ghana	118,989	49,589	168,578	—	.32
Ghana, Ivory Coast, and Togo (6)	46,942	—	46,942	—	.09
Greece	113,791	278,591	392,382	25,000	.79
Guatemala	155,095	85,496	240,591	17,000	.49
Guinea	89,781	—	89,781	—	.17
Guyana	39,156	16,178	55,334	8,000	.12
Honduras	174,671	195,151	369,822	28,000	.75
Iceland	39,849	—	39,849	—	.08
India	865,958	572,418	1,438,376	650,000	3.96
Indonesia	1,111,379	1,983,894	3,095,273	45,000	5.95
Iran	654,128	38,869	692,997	—	1.31
Iraq	98,477	—	98,477	—	.19
Ireland	122,388	8,701	131,089	—	.25
Israel	120,421	16,718	137,139	—	.26
Italy	—	—	—	—	—
Ivory Coast (7)	324,618	191,043	515,661	133,000	1.23
Jamaica	192,330	82,782	275,112	—	.52
Japan	297,372	—	297,372	—	.56
Jordan	24,927	43,021	67,948	31,000	.19
Kenya (8)	362,214	436,745	798,959	—	1.50
Kenya, Tanzania, and Uganda (6)	198,825	4,875	203,700	—	.42
Korea, Republic of	1,854,450	1,044,314	2,898,764	190,000	5.86
Lebanon	22,717	64,579	87,296	—	.17
Liberia	76,947	36,861	113,808	17,000	.25
Madagascar	34,893	1,647	36,540	—	.07
Malawi	25,363	3,683	29,046	—	.06
Malaysia	579,627	461,821	1,041,448	55,000	2.08
Mauritania	—	60,000	60,000	15,000	.14
Mauritius	34,633	37,504	72,137	—	.14
Mexico	2,376,598	1,485,189	3,861,787	298,000	7.89
Morocco	581,556	677,155	1,258,711	34,000	2.45
New Zealand	18,081	—	18,081	—	.03
Nicaragua	108,340	43,768	152,108	—	.29
Nigeria	611,624	628,063	1,239,687	69,500	2.48
Norway	30,304	—	30,304	—	.06
Oman	13,315	8,852	22,167	22,000	.08
Pakistan	439,923	42,287	482,210	—	.91
Panama	148,422	146,142	294,564	—	.56
Papua New Guinea	6,997	25,068	32,065	6,000	.07
Paraguay	84,733	108,640	193,373	31,000	.43
Peru	392,304	252,902	645,206	20,000	1.26
Philippines	981,172	1,553,490	2,534,662	50,000	4.90
Portugal	119,366	370,326	489,692	280,000	1.46
Romania	858,414	663,225	1,521,639	—	2.88
Senegal	61,351	38,338	99,689	30,000	.25
Sierra Leone	16,516	338	16,854	—	.03
Singapore	140,524	2,313	142,837	—	.27
Spain	267,516	27,280	294,796	—	.56
Sri Lanka	37,736	—	37,736	—	.07
Sudan	62,044	30,714	92,758	—	.18
Swaziland	16,258	27,784	44,042	—	.08
Syrian Arab Republic	228,138	226,395	454,533	21,000	.90
Tanzania (8)	224,706	108,139	332,845	—	.61
Thailand	757,533	778,430	1,535,963	328,000	3.53
Togo	3,669	—	3,669	—	.01
Trinidad and Tobago	62,776	23,941	86,717	—	.16
Tunisia	286,663	330,105	616,768	67,000	1.30
Turkey	1,239,492	925,723	2,165,215	245,000	4.57
Uganda (9)	2,079	—	2,079	—	—
United Kingdom	18,728	—	18,728	—	.04
Uruguay	83,855	87,557	171,412	80,000	.48
Venezuela	177,095	—	177,095	—	.34
Yugoslavia	1,515,103	914,147	2,429,250	110,000	4.81
Zaire	101,199	322	101,521	—	.19
Zambia	391,786	57,869	449,655	40,000	.93
Sub-totals members (1)	$26,546,989	$20,725,099	$47,272,088	$ 4,793,500	—
International Finance Corporation (1)	413,476	32,106	445,582	—	.84
Taiwan (10)	237,596	—	237,596	—	.45
Totals—December 31, 1980	$27,198,061	$20,757,205	$47,955,266	$ 4,793,500	100.00
Totals—June 30, 1980	$26,693,595	$18,110,545	$44,804,140	$ 6,742,600	

(1) In some instances loans were made, with the guarantee of a member, in territories which at the time were included in that member's membership but which subsequently became independent. *In order to avoid double counting, liabilities for these loans are* shown under the name of the original member (whose guarantee continues unaffected). These loans are shown below together with an indication of the member under whose name they are listed. *Papua New Guinea, Kenya, Mauritius, Singapore, Zambia,* Swaziland, and Trinidad and Tobago have become members of the Bank and have assumed liability on these loans as borrower or guarantor.

GUARANTORS	Amounts	
Borrowers	June 30, 1980 (in thousands)	December 31, 1980 (in thousands)
AUSTRALIA		
Papua New Guinea	$48,167	$47,764
UNITED KINGDOM		
Kenya	438	295
Malta	5	3
Mauritius	1,197	965
Singapore	6,309	5,257
*Zambia and Zimbabwe	12,209	9,238
Swaziland	2,573	2,245
Trinidad and Tobago	725	725

*Loans made for joint benefit of territories listed.

Loans made to the International Finance Corporation are not guaranteed by members.

(2) *These amounts include $12,173,000 ($6,663,000 at June 30, 1980) of effective* loans, which the Bank has agreed to sell and grant participations of $3,906,000 ($8,552,000 at June 30, 1980). The grant participations represent participations on a grant basis taken in a number of loans under the terms of an aid cooperation agreement between a member country and the Bank. Of the undisbursed balance, the Bank has entered into irrevocable commitments to disburse $65,039,000 ($62,066,000 at June 30, 1980).

(3) Loan agreements totalling $3,303,500,000 ($4,964,100,000 at June 30, 1980) have been signed, but the loans do not become effective and disbursements thereunder do not start until the borrowers and guarantors, if any, take certain actions and furnish certain documents to the Bank, and agreements providing for loans totalling $1,490,000,000 ($1,778,500,000 at June 30, 1980) have been approved by the Bank but have not been signed. Those amounts include $502,000 ($3,468,000 at June 30, 1980) which the Bank has agreed to sell.

(4) One loan equivalent to $23,250,000 is shown under Bolivia (Guarantor) but is also guaranteed by Argentina.

(5) Loans made to the Caribbean Development Bank for the benefit of the territories of the members listed (in the case of the United Kingdom, the territories are those of its *Associated States and Dependencies in the Caribbean region). The members will be* severally liable as guarantors to the extent of sub-loans made in their territories.

(6) Members are jointly and severally liable.

(7) One loan equivalent to $23,000,000 is shown under Ivory Coast (Guarantor) but is *also partially guaranteed by Upper Volta.*

(8) Includes portions of loans made to corporations of the East African Community.

(9) Represents portions of loans made to corporations of the East African Community.

(10) *Represents loans made at a time when the authorities on Taiwan represented China in* the Bank.

SUMMARY OF CURRENCIES REPAYABLE ON EFFECTIVE LOANS

Currencies	June 30, 1980	December 31, 1980
Australian dollars	$ 143,812	$ 151,302
Austrian schillings	155,317	142,316
Belgian francs	208,217	159,984
Brazilian cruzeiros	4,353	3,469
Burmese kyats	1,192	1,267
Canadian dollars	190,821	173,620
Danish kroner	34,677	31,997
Deutsche mark	8,404,025	8,447,984
Finnish markkaa	26,375	29,014
French francs	156,571	204,590
Ghanaian cedis	1,406	1,406
Greek drachmas	2,406	2,413
Indian rupees	79,734	83,172
Iranian rials	33,635	33,801
Iraqi dinars	3,836	4,069
Irish pounds	20,407	18,568
Italian lire	58,207	52,620
Japanese yen	4,123,490	4,745,704
Kuwaiti dinars	323,889	314,081
Lebanese pounds	4,589	3,962
Libyan dinars	117,556	117,874
Luxembourg francs	9,301	8,401
Malaysian ringgit	44,061	43,812
Mexican pesos	27,449	27,802
Netherlands guilders	676,469	682,382
Nicaraguan cordobas	164	164
Norwegian kroner	68,645	69,555
Portuguese escudos	8,793	8,415
Pounds sterling	230,520	232,385
Rials Omani	847	851
Saudi Arabian riyals	$ 163,535	$ 183,439
Singapore dollars	7,172	7,427
South African rand	82,229	86,887
Spanish pesetas	63,364	57,621
Sri Lanka rupees	50	44
Sudanese pounds	2,370	2,381
Swedish kronor	57,765	49,412
Swiss francs	5,687,127	5,575,098
New Taiwan dollars	25,216	11,342
Tunisian dinars	3,366	3,214
United Arab Emirates dirhams	68,141	69,850
United States dollars	5,260,345	5,378,693
Venezuelan bolivares	112,151	95,183
Disbursed portion of effective loans held by Bank	$26,693,595	$27,198,061
Add—Undisbursed portion of effective loans held by Bank	18,110,545	20,757,205
Effective loans held by Bank	$44,804,140	$47,955,266

MATURITY STRUCTURE OF EFFECTIVE LOANS

Periods	June 30, 1980	Periods	December 31, 1980
July 1, 1980 to June 30, 1981	$ 1,283,672	January 1 to December 31, 1981	$ 1,503,354
July 1, 1981 to June 30, 1982	1,734,038	January 1 to December 31, 1982	1,982,439
July 1, 1982 to June 30, 1983	2,199,534	January 1 to December 31, 1983	2,427,675
July 1, 1983 to June 30, 1984	2,524,880	January 1 to December 31, 1984	2,848,522
July 1, 1984 to June 30, 1985	2,763,977	January 1 to December 31, 1985	3,126,958
July 1, 1985 to June 30, 1990	14,025,246	January 1, 1986 to December 31, 1990	15,993,470
July 1, 1990 to June 30, 1995	10,851,825	January 1, 1991 to December 31, 1995	12,066,572
July 1, 1995 to June 30, 2000	4,456,711	January 1, 1996 to December 31, 2000	4,652,311
July 1, 2000 to June 30, 2005	411,782	January 1, 2001 to December 31, 2005	288,484
July 1, 2005 to June 30, 2007	4,929	January 1, 2006 to December 31, 2010	2,632
Undetermined (1)	4,548,566	Undetermined (1)	3,064,848
Total	$44,804,140	Total	$47,955,266

(1) Represents cancellations, prepayments and exchange adjustments which have not been allocated to specific maturities.

Appendix D

SUMMARY STATEMENT OF BORROWINGS
June 30, 1980 and December 31, 1980 (Unaudited)
Expressed in United States Dollars (in thousands)
See Notes to Financial Statements, Appendix F

		Operations during the six months ended December 31, 1980				Weighted average effective interest rate		
Currencies payable	Principal outstanding at June 30, 1980	Borrowings	Repayments and sinking fund and purchase fund purchases	Translation adjustments	Principal outstanding at Dec. 31, 1980	At June 30, 1980	At Dec. 31, 1980	Due dates at Dec. 31, 1980
Austrian schillings	$ 80,032	$ —	$ —	$ (8,090)	$ 71,942	7.95%	7.95%	1982–1990
Belgian francs	80,693	—	(2,631)	(8,687)	69,375	7.12	7.12	1981–1986
Canadian dollars	59,865	—	(468)	(2,094)	57,303	6.08	6.08	1981–1993
Deutsche mark	8,809,726	1,224,840	(476,321)	(964,875)	8,593,370(1)	7.30	7.31	1981–1999
French francs	29,354	—	(3,003)	(2,665)	23,686	7.15	7.15	1981–1987
Italian lire	47,369	—	(4,446)	(4,234)	38,639	7.22	7.22	1981–1988
Japanese yen	4,133,684	593,976	(201,672)	302,294	4,828,182(2)	7.49	7.59	1981–2000
Kuwaiti dinars	278,937	—	(26,022)	(4,212)	248,703	7.06	7.04	1981–1992
Libyan dinars	101,334	—	—	—	101,334	7.62	7.62	1983
Netherlands guilders	426,657	—	(742)	(40,490)	385,425	7.60	7.60	1981–1988
Pounds sterling	9,898	—	—	96	9,994	5.26	5.78	1981–1992
Saudi Arabian riyals	150,164	—	—	(90)	150,074	8.00	8.00	1984
Swedish kronor	30,139	—	—	(1,584)	28,555	6.55	6.55	1981–1992
Swiss francs	5,489,052	502,582	(262,083)	(487,888)	5,262,283(1)	5.32	5.29	1981–1995
United Arab Emirates dirhams	72,953	—	—	595	73,548	8.00	8.00	1981–1986
United States dollars	9,819,392	307,516	(1,032,454)	—	9,094,454(3)	8.18	8.25	1981–2002
Venezuelan bolivares	109,470	—	(8,177)	—	101,293	7.92	7.92	1981–1989
Principal at face value	$29,729,319	$2,628,814	$(2,018,019)	$(1,201,923)	$29,138,191	7.23	7.28	
Less—Receivable under contracts	61,786	134,398	—	860	197,044(2)			
Principal outstanding at face value	$29,667,533	$2,494,416	$(2,018,019)	$(1,202,783)	$28,941,147			
Less—Net unamortized discounts and premiums	32,216	1,952	—	—	34,168			
Totals	$29,635,317	$2,492,464	$(2,018,019)	$(1,202,783)	$28,906,979			

(1) In addition, the Bank has subsequently borrowed or entered into agreements to borrow DM 400 million (US equivalent $186.8 million); SwF 602 million (US equivalent $306.7 million); Y80,000 million (US equivalent $372.2 million); US $294.8 million and £ 500 million (US equivalent $214.9 million).

(2) Includes the following contracts to borrow for settlement on the dates indicated:—

Issues	Amounts (in thousands)	Settlement dates
Japanese yen:		
8.90% Loan of 1980, due 2000 (2nd tranche) (Y20,000 million)	$ 98,522	January 22, 1981
8.90% Loan of 1981, due 2001 (1st tranche) (Y10,000 million)	49,261	January 16, 1981
8.90% Loan of 1981, due 2001 (2nd tranche) (Y10,000 million)	49,261	February 18, 1981
Total	$197,044	

(3) Includes $208 million borrowed from the Interest Subsidy Fund which is administered by the Bank. The fund, which obtained its resources from voluntary contributions from member governments, was established to subsidize the interest payments to the Bank on selected loans made to poorer developing countries.

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING

Periods	June 30, 1980	Periods	December 31, 1980
July 1, 1980 to June 30, 1981	$ 2,713,680	January 1 to December 31, 1981	$2,002,349
July 1, 1981 to June 30, 1982	3,134,285	January 1 to December 31, 1982	3,613,751
July 1, 1982 to June 30, 1983	2,993,588	January 1 to December 31, 1983	2,489,018
July 1, 1983 to June 30, 1984	2,502,768	January 1 to December 31, 1984	3,400,858
July 1, 1984 to June 30, 1985	3,739,575	January 1 to December 31, 1985	3,543,969
July 1, 1985 to June 30, 1990	9,048,404	January 1, 1986 to December 31, 1990	7,998,530
July 1, 1990 to June 30, 1995	3,502,065	January 1, 1991 to December 31, 1995	4,016,449
July 1, 1995 to June 30, 2000	1,793,250	January 1, 1996 to December 31, 2000	1,713,186
July 1, 2000 to June 30, 2003	239,918	January 1, 2001 to December 31, 2002	163,037
Total	$29,667,533	Total	$28,941,147

Appendix E

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER
June 30, 1980 and December 31, 1980 (Unaudited)
Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

	Subscriptions			Amounts paid in (Note B)		Amounts subject to call (Note B)		Voting power	
Members	Shares	Per-cent of total	Amounts expressed in special drawing rights	Expressed in special drawing rights	Expressed in current United States dollars	Expressed in special drawing rights	Expressed in current United States dollars	Number of votes	Per-cent of total
			SDR	SDR	$	SDR	$		
Afghanistan	300	.10	30,000	3,000	3,926	27,000	34,436	550	.16
Algeria	1,109	.36	110,900	11,090	14,144	99,810	127,299	1,359	.39
Argentina	4,701	1.51	470,100	47,010	59,957	423,090	539,613	4,951	1.43
Australia	6,450	2.08	645,000	64,500	82,264	580,500	740,376	6,700	1.94
Austria	2,696	.87	269,600	26,960	34,385	242,640	309,465	2,946	.85
Bahamas	171	.06	17,100	1,710	2,181	15,390	19,629	421	.12
Bahrain	163	.05	16,300	1,630	2,079	14,670	18,710	413	.12
Bangladesh	1,242	.40	124,200	12,420	15,841	111,780	142,565	1,492	.43
Barbados	139	.04	13,900	1,390	1,773	12,510	15,955	389	.11
Belgium	7,268	2.34	726,800	72,680	92,697	654,120	834,271	7,518	2.18
Benin	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Bolivia (1)	210	.07	21,000	2,100	2,678	18,900	24,105	460	.13
Botswana	43	.01	4,300	430	548	3,870	4,936	293	.08
Brazil (1)	3,733	1.20	373,300	37,330	47,611	335,970	428,499	3,983	1.15
Burma	591	.19	59,100	5,910	7,538	53,190	67,839	841	.24
Burundi	150	.05	15,000	1,500	1,913	13,500	17,218	400	.12
Cameroon	200	.06	20,000	2,000	2,551	18,000	22,957	450	.13
Canada	11,122	3.58	1,112,200	111,220	141,851	1,000,980	1,276,660	11,372	3.29
Cape Verde	16	.01	1,600	160	204	1,440	1,837	266	.08
Central African Republic	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Chad	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Chile	1,240	.40	124,000	12,400	15,815	111,600	142,338	1,490	.43
China	12,000	3.86	1,200,000	120,000	153,049	1,080,000	1,377,443	12,250	3.55
Colombia	1,175	.38	117,500	11,750	14,986	105,750	134,875	1,425	.41
Comoros	16	.01	1,600	160	204	1,440	1,837	266	.08
Congo, People's Republic of the	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Costa Rica	107	.03	10,700	1,070	1,365	9,630	12,282	357	.10
Cyprus	278	.09	27,800	2,780	3,546	25,020	31,911	528	.15
Denmark	2,524	.81	252,400	25,240	32,191	227,160	289,722	2,774	.80
Djibouti	31	.01	3,100	310	395	2,790	3,558	281	.08
Dominica	16	.01	1,600	160	204	1,440	1,837	266	.08
Dominican Republic	175	.06	17,500	1,750	2,232	15,750	20,088	425	.12
Ecuador	368	.12	36,800	3,680	4,694	33,120	42,242	618	.18
Egypt, Arab Republic of	1,650	.53	165,000	16,500	21,044	148,500	189,398	1,900	.55
El Salvador	120	.04	12,000	1,200	1,531	10,800	13,774	370	.11
Equatorial Guinea	64	.02	6,400	640	816	5,760	7,346	314	.09
Ethiopia	114	.04	11,400	1,140	1,454	10,260	13,086	364	.11
Fiji	147	.05	14,700	1,470	1,875	13,230	16,874	397	.11
Finland	1,967	.63	196,700	19,670	25,087	177,030	225,786	2,217	.64
France	17,567	5.66	1,756,700	175,670	224,051	1,581,030	2,016,461	17,817	5.16
Gabon	120	.04	12,000	1,200	1,531	10,800	13,774	370	.11
Gambia, The	53	.02	5,300	530	676	4,770	6,084	303	.09
Germany, Federal Republic of	17,612	5.67	1,761,200	176,120	224,625	1,585,080	2,021,627	17,862	5.17
Ghana	856	.28	85,600	8,560	10,918	77,040	98,258	1,106	.32
Greece	945	.30	94,500	9,450	12,053	85,050	108,474	1,195	.35
Grenada	17	.01	1,700	170	217	1,530	1,951	267	.08
Guatemala	167	.05	16,700	1,670	2,130	15,030	19,169	417	.12
Guinea	200	.06	20,000	2,000	2,551	18,000	22,957	450	.13
Guinea-Bissau	27	.01	2,700	270	344	2,430	3,099	277	.08
Guyana	171	.06	17,100	1,710	2,181	15,390	19,629	421	.12
Haiti	150	.05	15,000	1,500	1,913	13,500	17,218	400	.12
Honduras	84	.03	8,400	840	1,071	7,560	9,642	334	.10
Iceland	222	.07	22,200	2,220	2,831	19,980	25,483	472	.14
India	11,333	3.65	1,133,300	113,330	144,542	1,019,970	1,300,880	11,583	3.35
Indonesia	3,888	1.25	388,800	38,880	49,588	349,920	446,291	4,138	1.20
Iran	1,580	.51	158,000	15,800	20,152	142,200	181,363	1,830	.53
Iraq	698	.22	69,800	6,980	8,902	62,820	80,121	948	.27
Ireland	1,266	.41	126,600	12,660	16,147	113,940	145,320	1,516	.44
Israel	1,108	.36	110,800	11,080	14,132	99,720	127,184	1,358	.39
Italy (1)	8,525	2.74	852,500	85,250	108,729	767,250	978,558	8,775	2.54
Ivory Coast	365	.12	36,500	3,650	4,655	32,850	41,897	615	.18
Jamaica	446	.14	44,600	4,460	5,688	40,140	51,195	696	.20
Japan	17,539	5.65	1,753,900	175,390	223,694	1,578,510	2,013,247	17,789	5.15
Jordan	187	.06	18,700	1,870	2,385	16,830	21,465	437	.13
Kampuchea, Democratic	214	.07	21,400	2,140	2,729	19,260	24,564	464	.13
Kenya (1)	400	.13	40,000	4,000	5,102	36,000	45,915	650	.19
Korea, Republic of	1,393	.45	139,300	13,930	17,767	125,370	159,898	1,643	.48
Kuwait	3,203	1.03	320,300	32,030	40,851	288,270	367,662	3,453	1.00
Lao People's Dem. Republic	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Lebanon	90	.03	9,000	900	1,148	8,100	10,331	340	.10
Lesotho	43	.01	4,300	430	548	3,870	4,936	293	.08
Liberia	213	.07	21,300	2,130	2,717	19,170	24,450	463	.13
Libya	200	.06	20,000	2,000	2,551	18,000	22,957	450	.13
Luxembourg	297	.10	29,700	2,970	3,788	26,730	34,092	547	.16
Madagascar	219	.07	21,900	2,190	2,793	19,710	25,138	469	.14
Malawi (1)	150	.05	15,000	1,500	1,913	13,500	17,218	400	.12
Malaysia	2,066	.67	206,600	20,660	26,350	185,940	237,150	2,316	.67
Maldives	6	(2)	600	60	77	540	689	256	.07
Mali	173	.06	17,300	1,730	2,207	15,570	19,858	423	.12
Mauritania	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Mauritius	221	.07	22,100	2,210	2,819	19,890	25,368	471	.14
Mexico	2,280	.73	228,000	22,800	29,079	205,200	261,714	2,530	.73
Morocco	1,220	.39	122,000	12,200	15,560	109,800	140,040	1,470	.43
Nepal	146	.05	14,600	1,460	1,862	13,140	16,759	396	.11
Netherlands	7,679	2.47	767,900	76,790	97,939	691,110	881,449	7,929	2.30
New Zealand	1,887	.61	188,700	18,870	24,067	169,830	216,603	2,137	.62
Nicaragua	91	.03	9,100	910	1,161	8,190	10,446	341	.10
Niger	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Nigeria (1)	1,152	.37	115,200	11,520	14,693	103,680	132,235	1,402	.41
Norway	2,410	.78	241,000	24,100	30,737	216,900	276,636	2,660	.77
Oman (1)	60	.02	6,000	600	765	5,400	6,887	310	.09
Pakistan	2,519	.81	251,900	25,190	32,128	226,710	289,148	2,769	.80
Panama	216	.07	21,600	2,160	2,755	19,440	24,794	466	.13
Papua New Guinea	171	.06	17,100	1,710	2,181	15,390	19,629	421	.12
Paraguay	70	.02	7,000	700	893	6,300	8,035	320	.09
Peru (1)	735	.24	73,500	7,350	9,374	66,150	84,368	985	.29
Philippines	1,715	.55	171,500	17,150	21,873	154,350	196,860	1,965	.57
Portugal	1,324	.43	132,400	13,240	16,886	119,160	151,978	1,574	.46
Qatar	327	.11	32,700	3,270	4,171	29,430	37,535	577	.17
Romania	1,621	.52	162,100	16,210	20,674	145,890	186,070	1,871	.54
Rwanda	150	.05	15,000	1,500	1,913	13,500	17,218	400	.12
St. Lucia	29	.01	2,900	290	370	2,610	3,329	279	.08
Sao Tome and Principe	14	(2)	1,400	140	179	1,260	1,607	264	.08
Saudi Arabia	4,899	1.58	489,900	48,990	62,482	440,910	562,341	5,149	1.49
Senegal	362	.12	36,200	3,620	4,617	32,580	41,553	612	.18
Seychelles	11	(2)	1,100	110	140	990	1,263	261	.08
Sierra Leone	150	.05	15,000	1,500	1,913	13,500	17,218	400	.12
Singapore	320	.10	32,000	3,200	4,081	28,800	36,732	570	.17
Solomon Islands	17	.01	1,700	170	217	1,530	1,951	267	.08
Somalia	189	.06	18,900	1,890	2,411	17,010	21,695	439	.13
South Africa	3,463	1.11	346,300	34,630	44,167	311,670	397,507	3,713	1.08
Spain (1)	3,371	1.09	337,100	33,710	42,994	303,390	386,947	3,621	1.05
Sri Lanka	961	.31	96,100	9,610	12,257	86,490	110,310	1,211	.35
Sudan	600	.19	60,000	6,000	7,653	54,000	68,872	850	.25
Suriname	162	.05	16,200	1,620	2,066	14,580	18,596	412	.12
Swaziland	68	.02	6,800	680	867	6,120	7,806	318	.09
Sweden	3,676	1.18	367,600	36,760	46,884	330,840	421,957	3,926	1.14
Syrian Arab Republic	508	.16	50,800	5,080	6,479	45,720	58,312	758	.22
Tanzania	350	.11	35,000	3,500	4,464	31,500	40,175	600	.17
Thailand	1,478	.48	147,800	14,780	18,851	133,020	169,655	1,728	.50
Togo	150	.05	15,000	1,500	1,913	13,500	17,218	400	.12

Appendix E

STATEMENT OF SUBSCRIPTIONS TO CAPITAL STOCK AND VOTING POWER (Concluded)
June 30, 1980 and December 31, 1980 (Unaudited)
Expressed in Thousands of Units of Currency
See Notes to Financial Statements, Appendix F

	Subscriptions			Amounts paid in (Note B)		Amounts subject to call (Note B)		Voting power	
Members	Shares	Per-cent of total	Amounts expressed in special drawing rights	Expressed in special drawing rights	Expressed in current United States dollars	Expressed in special drawing rights	Expressed in current United States dollars	Number of votes	Per-cent of total
			SDR	SDR	$	SDR	$		
Trinidad and Tobago	535	.17	53,500	5,350	6,824	48,150	61,411	785	.23
Tunisia	373	.12	37,300	3,730	4,757	33,570	42,816	623	.18
Turkey	1,286	.41	128,600	12,860	16,402	115,740	147,616	1,536	.44
Uganda	333	.11	33,300	3,330	4,247	29,970	38,224	583	.17
United Arab Emirates	980	.32	98,000	9,800	12,499	88,200	112,491	1,230	.36
United Kingdom	26,000	8.37	2,600,000	260,000	331,607	2,340,000	2,984,459	26,250	7.60
United States	70,583	22.72	7,058,300	705,830	900,223	6,352,470	8,102,004	70,833	20.51
Upper Volta	100	.03	10,000	1,000	1,275	9,000	11,479	350	.10
Uruguay	411	.13	41,100	4,110	5,242	36,990	47,177	661	.19
Venezuela	1,972	.63	197,200	19,720	25,151	177,480	226,360	2,222	.64
Viet Nam	543	.17	54,300	5,430	6,926	48,870	62,329	793	.23
Western Samoa	17	.01	1,700	170	217	1,530	1,951	267	.08
Yemen Arab Republic	85	.03	8,500	850	1,084	7,650	9,757	335	.10
Yemen, People's Dem. Republic of	248	.08	24,800	2,480	3,163	22,320	28,467	498	.14
Yugoslavia (1)	1,178	.38	117,800	11,780	15,024	106,020	135,219	1,428	.41
Zaire	960	.31	96,000	9,600	12,244	86,400	110,195	1,210	.35
Zambia (1)	648	.21	64,800	6,480	8,265	58,320	74,382	898	.26
Zimbabwe	817	.26	81,700	8,170	10,420	73,530	93,781	1,067	.31
Totals—December 31, 1980	310,630	100.00	31,063,000	3,106,300	3,961,806	27,956,700	35,656,265	345,380	100.00
Totals—June 30, 1980	301,718		30,171,800	3,017,180	3,995,893	27,154,620	35,963,036	335,468	

(1) Amounts aggregating the equivalent of $55,028,000 have been received from members on account of increases in subscriptions which are in process of completion: Bolivia $65,000, Brazil $18,929,000, Italy $17,976,000, Kenya $1,721,000, Malawi $303,000, Nigeria $2,158,000, Oman $125,000, Peru $245,000, Spain $12,763,000, Yugoslavia $2,599,000 and Zambia $154,000.

(2) Less than .005 percent.

Appendix F

NOTES TO FINANCIAL STATEMENTS
(Audited only as to June 30, 1980 and the five years then ended)

Summary of Significant Accounting and Related Policies

Capital Stock

From 1973 until March 31, 1978, the Bank's capital stock, which is expressed in the Bank's Articles of Agreement in terms of "United States dollars of the weight and fineness in effect on July 1, 1944" (1944 dollars), has been translated by the Bank for purposes of its *financial statements into current* United States dollars at the rate of $1.20635 per 1944 dollar. Since the effectiveness on April 1, 1978, of the Second Amendment to the Articles of Agreement of the International Monetary Fund (the Fund), currencies no longer have par *values in terms of gold. The Bank is examining the implications of this change on the valuation* of its capital stock. No decisions on this matter have been taken. However, for purposes of the financial statements at June 30, 1980, 1979 and 1978, the Bank has expressed the value of its *capital stock on the basis of the special drawing right (SDR) in terms of* United States dollars as computed by the Fund, $1.27541 per SDR on December 31, 1980 ($1.32438 per SDR on June 30, 1980). (See Note B. This note also shows what the value of the Bank's capital stock *would have been if expressed in terms of $1.20635 per 1944 dollar.)* For the time being payments on account of subscriptions will continue to be accepted at the equivalent of $120,635 per share of capital stock.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarizing the Bank's financial position and the results of its operations for the convenience of its members and other interested parties.

The Bank is an international organization which conducts its operations in the currencies of all of its members. The Bank's resources are derived from its capital, borrowings and accumulated earnings in the various currencies of its members and Switzerland and are held, invested or lent in those same currencies. The Bank matches its borrowing obligations in any one currency with assets in the same currency, as prescribed by its Articles of Agreement, primarily by holding, or lending the proceeds of its borrowings in the same currencies in which they are borrowed. Borrowed funds are sometimes temporarily converted into other currencies and at the same time, forward exchange contracts are entered *into in order to* recover the currency converted. The Bank maintains a neutral currency position with respect to its other resources by not converting one currency into another except for small amounts required to meet certain obligations and operational needs of the Bank.

In general, the Bank translates its assets and liabilities in currencies other than United States dollars at market rates of exchange to the United States dollar with the exception of buildings and certain deferred charges which are translated at exchange rates in effect when the buildings were acquired or the charges incurred. Income and expenses other than depreciation and amortization charges are translated at an average of the market rates of exchange in effect during each month.

Under the Bank's present policies, adjustments arising from the translation of currencies to the current United States dollar equivalent would not now or in the future result in realized gains or losses such as would result from the conversion of the various currencies into United States dollars. Accordingly, translation adjustments, with the exception of those relating to capital subscriptions described in Note B, are charged or credited to the General Reserve rather than income. (See Note A.) In those few instances where currencies are converted to another currency, the resulting gain or loss, if any, is included in the determination of net income.

Investments

Investment securities are recorded at cost or amortized costs. Gains or losses on sales of investments, measured by the difference between average cost and proceeds of sales, are recorded as an element of income from investments.

Loans

All of the Bank's loans are made to, or guaranteed by, members with the exception of loans to the International Finance Corporation. The principal amounts of loans are repayable in the currencies lent. Interest on loans is also payable in the currencies lent. The Bank has not suffered any losses on loan receivables and it has a policy of not participating in moratoria or reschedulings. No losses on loan receivables are anticipated and, accordingly, no reserve for loan losses has been established; however, should such losses arise they would be included in the determination of net income.

Administrative Expenses

A management fee is charged to the International Development Association and a service and support fee to the International Finance Corporation representing their respective shares of the administrative expenses of the Bank.

Disposition of Income and General Reserve

The Bank has not declared or paid any dividends to its members. Commencing in 1950, a portion or all of the accumulated net income has been allocated to the General Reserve. (See Note D.)

Since 1964, it has been the Bank's policy to transfer to the International Development Association part of the year's income which was not needed for allocation to reserves or otherwise required to be retained in the Bank's business and accordingly could have been prudently distributed as dividends. Such transfers are accounted for as a charge to accumulated net income.

NOTE A—TRANSLATION OF CURRENCIES

A Statement issued in 1975 by the Financial Accounting Standards Board in the United States requires that foreign currency translation adjustments be included in the determination of net income *for the period in which they occur; however, in view of its character as an* international organization and its related financial policies described previously, the Bank does not deem this Statement to be applicable in the circumstances. Had the Bank complied with this Statement, net income *for the five fiscal years ended June 30, 1980 and for the six* months ended December 31, 1979 and 1980, would have increased (decreased) by the following amounts: ($150,780,000)—June 30, 1976, ($10,266,000)—June 30, 1977 *$110,199,000—June 30, 1978, $114,715,000—June 30, 1979, $88,090,000*—June 30, 1980, $51,222,000—December 31, 1979 and ($117,077,000)—December 31, 1980. The General Reserve would have decreased (increased) by the same amounts, respectively.

NOTE B—CAPITAL STOCK, RESTRICTED CURRENCIES AND MAINTENANCE OF VALUE

Capital Stock: In the Articles of Agreement, the capital stock of the Bank is expressed *in terms of "United States dollars of the weight* and fineness in effect on July 1, 1944" (1944 dollars).

On April 30, 1976, the Board of Governors of the Fund approved proposed *amendments to the Fund's Articles of Agreement* (the Second Amendment) which entered into force on April 1, 1978. Under the Second Amendment, currencies no longer have par values, gold is abolished as a common denominator of the monetary system and all *calculations for the purposes of the Fund's Articles* are made on the basis of the special drawing right (SDR). When the SDR was introduced into the Fund's Articles in 1969, it was expressed in terms of a specified weight of gold equal to the gold content of the 1944 dollar. *Since July 1, 1974, the value of the SDR in terms of United States dollars* has been based on the weighted relative values of a number of major currencies (the basket), including the United States dollar. The value of the SDR on July 1, 1974, expressed in terms of United States dollars, was $1.20635, *which was the equivalent of one 1944 dollar.* On March 31, 1978, the Fund made certain changes in the basket of currencies effective July 1, 1978, such that the value of the revised basket in terms of any currency was exactly the same, at June 30, 1978, under the *revised valuation as under the then existing valuation.* On April 25, 1980, the Interim Committee of the Board of Governors of the Fund announced that it favoured simplifying the SDR by reducing the number of currencies in the basket and asked the Fund's Executive *Board (which has the power to revise the basket)* to examine the matter further and to take the necessary action. (See Note G.)

As a result of the Second Amendment and the simultaneous repeal of Section 2 of the *Par Value Modification Act (31 U.S.C. 449)*, the provision of United States law defining the par value of the United States dollar in terms of the SDR and gold, the pre-existing basis for translating the term "United States dollar of the weight and fineness *in effect on July 1, 1944" into current* United States dollars or into any other currency no longer exists.

The General Counsel of the Bank has rendered a legal opinion concluding in substance that upon the entry into force of the Second Admendment *references in the Bank's Articles of* Agreement to the 1944 dollar should be read as referring to the SDR, as determined from time to time by the Fund, and the mutual obligations of each member and the Bank, with respect to maintenance of value of certain currency holdings, will be measured by the value of the currency in question in terms of the SDR at any given time.

The General Counsel has, however, also stated that in the exercise of their statutory power under Article IX of the *Bank's Articles*, the Executive Directors could conclude that the 1944 dollar would be taken to mean 1.20635 current dollars, with the consequence that maintenance of value would be measured by that standard.

A member government has raised the question whether the substitution of a new unit of value; insofar as it would give rise to any new obligations with respect to maintenance of value and capital stock subscription payments, should be made only by amendment *of the Articles. It also raised questions as to the desirability* of retaining the principle of maintenance of value, the form in which it is applied and the appropriateness of substituting a unit of value other than the SDR. Pending action on these questions, the financial statements *have been drawn up in accordance with the General Counsel's opinion*, that is, the value of the capital stock is expressed in terms of the SDR.

The Bank's capital comprises 705,000 at June 30, 1980 and at December 31, 1980 authorized shares of the par value of SDR 100,000 each, of which 301,718 shares at June 30, 1980 and 310,630 shares at December 31, 1980 have been subscribed. Ten percent of the capital subscriptions has been called and paid in; the *remaining ninety* percent is subject to call by the Bank only when required to meet the obligations of the Bank created by borrowing or guaranteeing loans. As to $31,967,143,000 at June 30, 1980 and $31,694,449,000 at December 31, 1980, the restriction on calls is *imposed by the Articles* of Agreement and as to $3,995,893,000 at June 30, 1980 and $3,961,806,000 at December 31, 1980 by resolutions of the Board of Governors.

Prior opposes more union laws

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR. JAMES PRIOR, the Employment Secretary, has again underlined his differences with the Prime Minister by sharply criticising calls for more legislation on industrial relations and trade unions.

He told an Industrial Society conference yesterday that the law "*cannot solve the fundamental problems.*"

His attitude contrasts starkly with the spirit, if not the letter, of the Prime Minister's recent *pronouncements on trade union* legislation. Mrs. Thatcher told the Institute of Directors two weeks ago that she would make parliamentary time available for legislation in the next session if it were shown to be "necessary or desirable."

It is *now clear that there are* two well-defined camps in the Cabinet on the issue.

One, headed by the Prime Minister, is at least unconvinced that there is no need for more legislation in the near future; the other, including Mr. Prior and Lord Hailsham, the Lord Chancellor—who has also publicly opposed more trade union law—believes the 1980 Employment Act should have a good deal of time to "bed down."

Mr. Prior yesterday said the law had a vital role in providing a framework for worker-management relations, protect*ing the right to strike, defining* the limits of industrial action and protecting the community against abuse.

However, in a departure from his prepared speech, he said: "Eastbourne, Reigate or the whole of the stockbroker belt can tell you everything about what there is to be done, but they are the furthest away from the shop floor. It's a far-away fallacy that industrial relations can be improved by the law."

On the closed shop—a live issue within the Conservative Party because of the case of Miss Joanna Harris, the poultry inspector sacked by Sandwell *council for refusing to join a* closed shop—Mr. Prior said there was little legislation could do.

Disruption could be caused among 5m members of closed shops who would resent being forced to work beside non-union members.

Mr. Prior struck another of his favourite themes when he urged managers to improve efficiency and productivity by involving workers more closely in company affairs.

Print men reject 8% pay offer

By John Lloyd, Labour Correspondent

A *major print union has* rejected the 8 per cent wage rise offered to printers in national newspapers, and will consider industrial action if the offer is not improved.

The Society of Graphical and Allied Trades, with 5,000 members in national papers, voted two-to-one against acceptance in a ballot conducted over the past month.

Mr. Bill Miles, the union's national officer, said yesterday: "I think the employers would have to get into double figures before they get acceptance."

Mr. Miles said SOGAT's executive would meet early next month to discuss the issue, and industrial action would be con*sidered if a better offer were not* forthcoming. Mr. Miles has written to the employers' body, the Newspaper Publishers Association, asking for further talks.

● Union leaders of 60,000 chemical process workers yesterday rejected a revised 7.3 per cent offer on basic rates despite employers warnings that there was no more room for improvement. The Chemical Industries Association regretted the decision.

Action by ambulancemen likely

BY PAULINE CLARK, LABOUR STAFF

A *CONFRONTATION with* the Government over ambulancemen's pay appeared unavoidable yesterday as unions completed their con*sultations on the response to* a 6 per cent pay offer tied to cash limits set for all health service wage rises this year.

Union leaders will present *the results of their consultations* to health service management tomorrow, when they will urge an improvement in the offer in order to avoid industrial action.

The Government has *already drawn up contingency* plans for coping with a strike by ambulancemen, including the possible use of troops to provide an emergency service—an operation last used during industrial action over pay in 1979.

Tht Confederation of Health Service Employees, claiming around 7,000 members in the ambulance service, yesterday received 44 rejections of the offer from 53 branches consulted. Although five will not be counted because they arrived too late, only nine branches favoured accepting the option of a 7.5 per cent rise over 15 months, representing 6 per cent over the year.

The General and Municipal Workers similarly reported substantial rejection of the offer from its 10 regions, with seven against and only one in favour of the 15-month option.

The *ambulancemen* are demanding a substantial improvement in the pay offer to take account of the 21 per cent award in September to police and 18.8 per cent in November to firemen.

Leftist gain in engineers' union

BY PHILIP BASSETT, LABOUR STAFF

LEFT-WINGERS in the Amalgamated Union of Engineering Workers made two gains in election results announced yesterday for local officials' posts in the union.

The victories for district sec*retaryships in Luton and Bristol* were not in themselves significant in terms of the constant struggle for power between Left and Right. However, they *illustrate the declining significance* of postal ballots.

The batch of results showed no easily discernable voting trend overall. Moderate candidates, for example, were returned in the balance for two national-level organisation posts.

Mr. Terry Duffy, AUEW president, was quick to point out that "the postal ballot system in *itself will not mean victory for* the moderate candidates."

The AUEW, which has used postal balloting for its office *elections since the early 1970s,* is often cited by Government supporters as an example of how such ballots are instrumental in wresting control from union militants.

They say that the union, although never Left-dominated, was led by the Left-wing Lord Scanlon until Mr. Duffy was returned in a postal ballot.

Indeed, left-wingers on the *union's executive have been* replaced gradually by moderates as the results of the system of postal balloting worked through.

The AUEW and the electricians' union seemed most likely to be the leading contenders to take up the offer of Government money to help to fund ballots

Shipyards face 'total' ban

THE OVERTIME ban being operated by the 70,000 British Shipbuilders workers will have a "progressively severe affect on the industry," Mr. Alex Ferry, general secretary of the *Confederation of Shipbuilding* and Engineering Unions, said yesterday.

The ban would be "total," and would include banning *overtime working on launchings* and sea. The action is over 106 redundancy notices.

'Minor role' for staff associations

BY PAULINE CLARK, LABOUR STAFF

STAFF ASSOCIATIONS are likely to continue to play only a minor role as representatives of employees in company bargaining and other industrial relations, said a report yesterday by the Certification Office for Trade Unions and Employers' Associations.

The report follows a study of *the role and construction* of staff associations.

It is a supplement to the 1979 annual report of the Certification Officer.

It says staff associations are unlikely to grow appreciably in strength except perhaps in banking and in building societies.

The study suggests that the small membership common to such organisations is on the face of it a serious obstacle to effective trade unionism, and makes it more difficult to bargain on equal terms with employers.

More than half were created or inspired by management, or had active encouragement from it in the early stages. Once established, they often evolved into much less dependent organisations than their origins suggested.

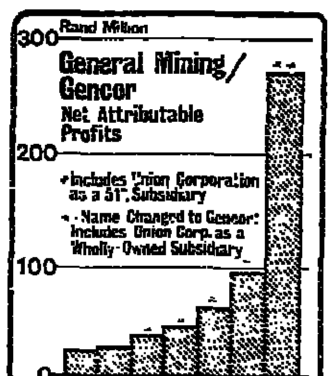
The study says that "for various reasons" white-collar workers sometimes regard staff associations as not only adequate for their needs, but preferable to a trade union.

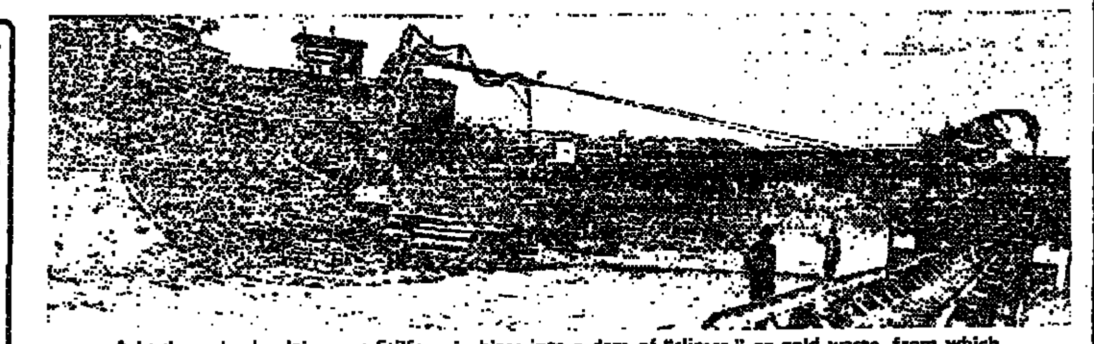
Continued Page 5—International Bank for Reconstruction and Development

South Africa's biggest Afrikaans mining group is still keeping a major acquisition at arm's length—five years after the deal took place. Arnold Kransdorff explains why.

A consummation by stealth

WHEN IT comes to a takeover there is not much difference between the world of big business and the law of the jungle. In both cases the relationship *between predator and victim is* invariably a consuming one. If the two companies have allied interests and are located in the same country, digestion can often be exceedingly painful.





A bucket wheelreclaimer at Stilfontein bites into a dam of "slimes," or gold waste, from which uranium is extracted

Thus when General Mining, South Africa's third largest mining house, acquired a majority interest in Union Corporation, the country's fourth largest, it was not unreasonable to expect an extensive rationalisation programme. Both companies had substantial mining interests as well as important industrial activities in common, so one might have expected ample scope for *eliminating a duplication of* activities.

Yet nearly five years after the deal took place—and more than a year after Union Corporation finally became wholly-owned—all that has happened is that the two companies' purchasing departments have been integrated and there are now common staff conditions and pension schemes. Apart from this, both entities are still very much intact, to the extent that they continue to operate autonomously with virtually the same top management teams that existed before the takeover.

For Gencor, as the enlarged group is now named, this "softly softly" approach to rationalisation has been deliberate policy —and for reasons that reveal a shrewd grasp of business reality by a man who has helped lift the Afrikaners, South Africa's *white "natives" out of their* traditional role as backwoods farmers.

Part of that "reality" is a conviction that in spite of all the common activities between the two companies, there have been sufficient differences to justify keeping the operations apart — but only for a time.

An engineer by profession, Dr. "Wim" de Villiers, a beefy and blunt-talking man who comes from an elite family of lawyers in the Orange Free *State, joined General Mining* as deputy managing director in 1970. In 1976 he became its executive chairman.

With an eye to a really big acquisition, the ambitious de *Villiers had for some time con*sidered Union Corporation a prime target, if only because it had the extensive exploration back-up which General Mining lacked; large-scale support of this kind is the lifeblood of any mining company.

As a first step the company had acquired a 30 per cent stake in Union Corporation in 1974.

From Union Corporation's point of view at the time, *General Mining's courtship* was distinctly unwelcome.

It felt that if a takeover was inevitable, its large industrial interests meant that a more suitable partner would be a non-mining orientated company. It was no secret at the time that Ted Pavitt, Union Corporation's chairman and managing director would have preferred to have been bedded by Barlow Rand, South Africa's largest industrial conglomerate. Since then, however, he has warmed to General Mining.

It was against this background that de Villiers took the leap that put General Mining into the really big league.

With a market capitalisation of R1.2bn (£710m) the company is now second in the mining stakes to the giant Anglo American group and ranks in the top six of all South African companies. Last year's pre-tax profit totalled R406.4m. And further rapid growth will be on the cards if feasibility studies *confirm the viability of a pro*posed R1.5bn oil-from-coal project in the north-eastern Transvaal.

But the Union Corporation acquisition also meant that de Villiers had taken on board a correspondingly large, and highly unusual, package of problems concerning the two companies' differing management styles and cultures.

In the first place the General Mining arm of the group operates on a decentralised management system, while Union Corporation, with the exception of its industrial division, is highly centralised. Any *forced change in Union Cor*poration's management style would almost certainly have had disruptive consequences.

Secondly, although both companies employ large numbers of English and Afrikaans South Africans, General Mining is Afrikaans-aligned while Union Corporation is basically English. In management terms this cultural gap manifests itself in a contrasting fashion—the Afrikaaner, because of his political isolation and drive for self-sufficiency, is more highly motivated, committed and aggressive than his English speaking counterpart.

Any immediate integration would also present a language problem: much of General Mining's business is conducted in a tongue that many Union *Corporation employees cannot* speak.

This problem has been partly resolved by encouraging a policy of bilingualism in Union Corporation.

In anybody's book these factors would be reason enough for a cautious strategy towards rationalisation, but de Villiers claims he has only given passing consideration to these problems. To him, the over*riding factor* has been the chronic shortage of management skills in South Africa. De Villiers was concerned that a hurried programme of change would only serve to unsettle management who, in a buyers' market, could be easily poached by eagle-eyed competitors.

De Villiers explains: "If we had at the beginning moved fast, then we could have lost people, very good people, who are the essence of this type of business. You only go fast with rationalisation when you have got a situation that demands it, say when the company is not doing very well — and that is not the case."

Pavitt agrees with this although on the question of management style, in particular, he is known privately to nurse reservations about changing Union Corporation's centralised management structure. He knows, however, that this is inevitable in the long-term.

"There's only one justification for integration, and that *is better profits,*" he says. "If you force integration you can be sure of one thing — less profits."

"We're dealing with people, not inanimate objects. They have *feelings, loyalties, reac*tions and counter-reactions. We are clearly aware of the ideal and we must work towards it as quickly as we feel we can but without disrupting people.

Integration

"As time passes and we get to know each other better we will start moving people between the organisations and become more integrated, but I don't think there's any desire, need or intent of having a forced integration."

While time may be the key to the successful integration of the two companies, from de Villiers' point of view, this commodity must seem in short supply. He is 60 years of age this year and is known to be considering another appointment in industry before retiring.

In order to concentrate on Gencor he has, however, just turned down a top job with the mutual life assurance company, Sanlam, which is a major shareholder in Federale Mynbou, Gencor's largest shareholder.

De Villiers is as yet undecided on his options for the group but claims that further rationalisation between the two companies will be "minimal." "With Union Corporation there isn't much to rationalise," he says.

"While both companies have extensive industrial divisions, General Mining's activities are concentrated in heavy engineering (foundries, steel mills, pipe manufacturing) while Union Corporation's interests are in light engineering (paper and packaging, steel ropes, shipping)."

De Villiers has a number of reorganisation options for these divisions. One could be to group together various activities under a common division—activities such as paper and packaging, heavy engineering companies; others to include shipping, and the group's highly profitable cattle battery-farming subsidiary.

If cash is needed for a really big investment, another alternative could be the flotation of a minority shareholding for a single division.

De Villiers says: "We could have a number of industries grouped together but not of necessity one industrial division. I'm not clear on all this yet and I still have to make up my mind."

One other area where De Villiers believes that rationalisation is necessary is in the group's gold mines, particularly as regards their common engineering and surveying services. General Mining has three gold mines while Union Corporation has eight.

Strength

Again, de Villiers is undecided on strategy. "We've both got strong and weak points. Actually our strong points are complementary. Our strength is that we are probably the *most efficient deep-level* mining operation in the country. Union Corporation, on the other hand, is in shallower mines, and it is the lowest cost producer in the industry."

He recognises, though, that the gold interests will have to be rationalised and that this will affect individual managers.

As Pavitt says, rationalisation is all about profits. And profits are what Gencor is *aiming for* with a massive capital spending programme of R1.2bn over the next seven years.

It is self-evident that Gencor is a company hungry for even more growth. But where does it go from here?

"At this stage we have got considerable organic growth within the various areas," says de Villiers. "We will continue to be a mining and industrial group, probably orientated more towards energy materials—and with quite a good balance between industry, base metals and gold."

Hidden in this statement is probably the key to Gencor's next big quantum jump. De Villiers' comment on "energy materials" is a reference to a proposed project that could substantially reduce South Africa's dependence on imported oil within the next decade.

The group has mining rights to a gigantic coalfield north-east of Pretoria which—if tests go *well—could yield diesel oil* through a unique process of direct liquefaction from solid to liquid. This method is different from that employed by South Africa's existing "Sasol" plants, which *employ an interim gasifi*cation stage.

Everything now depends on the results of an operational demonstration plant in the U.S. which is using coal of similar properties to that available in the Transvaal.

"Operational tests have been done and I am now waiting for a report on which my next action will depend. If things are going well, our next step will probably be to put our own coal through the plant. At that stage I would have to sink a shaft and that will cost millions. I think that next decision is still a year or 18 months away, though."

De Villiers adds: "It would be a hell of a thing for South Africa if we could make this thing work. Eighty per cent of South Africa's energy comes *from coal. Oil only supplies* 20 per cent and this is being reduced by Sasol's oil-from-coal plants. It will be a very good thing if we can cut this even further. If this process works, we'll do it."

The succession problem that lurks round the corner

Dr. "Wim" de Villiers, executive chairman (left), and Ted Pavitt, executive vice-chairman, of Gencor

"I am not implying a lack of leadership, but Gencor is like one of those Greek mythological characters with numerous heads."

This analogy, from one of the company's senior management, gives an accurate, and graphic, picture of the hierarchical structure of what is now South Africa's second largest mining house.

The marriage of General Mining and Union Corporation in 1976 has produced a somewhat unusual management structure in which the group employs two heads of the gold/uranium divisions and two heads of the industrial divisions, all of whom continue to report to their previous bosses.

This situation arises from Gencor's decision not to hurry any programme of rationalisation and to allow each company to operate virtually independently of each other for the time being.

Thus Lynne van den Bosch and Basil Landau, heads of Union Corporation's gold/uranium and industrial divisions respectively, continue to report to Ted Pavitt, the company's former chairman and managing director, who is now Gencor's executive vice chairman. Similarly Johan Fritz and George Clark, the heads of General Mining's gold/uranium and industrial divisions, continue to report to Dr. "Wim" de Villiers, their former boss, who is now executive chairman of the enlarged group.

While this structure would appear to have been quite successful up to now a number of unconnecting factors will force some changes in the near future.

In the first place Pavitt, who is 63, is due to retire sometime this year while de Villiers is known to be considering a move himself. Because of his *age this means* a departure in the short term.

And before this happens he will undoubtedly want to accelerate the rationalisation programme—a move that will *almost certainly* affect personalities in the gold/uranium divisions, and possibly the industrial divisions.

Up to now de Villiers has been hyper-sensitive about not wanting to ruffle too many management feathers. On this level his policy of "integration without too much rationalisation" has clearly been a success: at top level he has had only one defection—Jannie van den Berg, his *former finance director, who* left after a disagreement on policy to join Finansbank.

But the time for harsh decisions may no longer be too far away.

De Villiers recognises that there is an element of urgency involved. "This year I'm turning 60 and we must get our rationalisation *pattern sorted out between* the two groups. But I don't want to say that too loudly because people get scared."

His first priority will probably be the gold/uranium *division, where there is the* greatest amount of overlap between the two companies.

He is naturally reluctant to discuss alternatives but agrees "there will have to be one man at the top." Short of an outside appointee, this means a straight choice between Fritz and van den Bosch.

Straight choice

Pavitt puts the problem in perspective: "I think we should wait for personalities to phase themselves out or to phase themselves in. I don't think we've got close enough really to see who's going to come out as the natural leader. Obviously when you've got two men and you can find promotion for one in another direction, then we could resolve the thing very much quicker."

***Depending* on what he chooses to do, de Villiers could also have the same problem in the industrial divisions—making a straight choice between Clark or *Landau, although* here *the* situation appears to be a little clearer.**

Says Pavitt: "The companies are big enough in their own right to warrant the structures they've got. We could very easily just have a Gencor heavy industrial division and a Gencor light industrial divisions, with Clark running the one and Landau *running* the other."

But overshadowing these choices is the question of a successor to de Villiers himself.

Pavitt's impending retirement makes him unavailable for the job, leaving no obvious candidate at the present time.

As one senior manager puts it: "This is a hell of a big problem for us. Although there's young blood coming up they won't be ready in the short term. I can't see an obvious successor and it will be very sad if the man has to come from outside. It'll be damaging for morale."

De Villiers is less worried: "At lower levels we have a tremendous amount of potential. I have about three years to go, and by then one of these chaps will take over. I can think of two or three people who could do the job. I believe that the next chairman of Gencor will come from within the company."

An Afrikaner vision

BEHIND THE scenes, de Villiers is slowly imposing his own management approach on Union Corporation.

Like many major South African companies, General Mining is heavily influenced by U.S. management thinking. De Villiers subscribes to the management - by - objectives approach and has a strong belief in strategic planning.

He explains: "Our first move is to conduct a policy strategy study of the sectors we are in. Using these studies individual *companies then prepare profit* targets. From then on, we say over to you, and then have quarterly meetings to assess progress.

"We try to set up a system to include a policy strategy framework, a target framework, an organisational framework, a procedural framework and a control framework, and organise a training system around this. We're not trying *to make all the decisions* at the top.

"We're at the stage where, by the end of this year, we'll have strategic planning throughout the enlarged group on a similar basis."

For de Villiers, business is all about operational control, the motivation of people and, in the end, a secure niche for the Afrikaner in commerce and industry.

"We have decided to be a management company, in other words we want to be involved in the determination of policy and strategy. We want to have control and therefore make a distinction between portfolio investments and 'strategic' investments." By this he means that Gencor insists on taking major stakes in any investments. This contrasts with the policy of Anglo-American, which is generally prepared to accept smaller stakes, provided it has the largest single holding.

On the question of manpower, de Villiers points to South Africa's acute shortage of managers as a reason why "we cannot afford functional specialisation at or near the top. So we have got to use line management to do the total job as far as possible. The more we can decentralise the decision-making process to line management, the more we can use people at different levels and not have to rely on top management to make the *decisions.*"

To back this up Gencor runs numerous training courses and couples this with a relatively unusual policy towards reward and promotion.

Length of service is now playing an ever-decreasing role in determining salaries, not only within Gencor but throughout management-starved South Africa. Gencor has chosen to use a *system which relates* pay to the volume of decision-making.

It is also a conscious policy to promote many levels of middle and senior management only when there is a clear conviction that the individual concerned can do two jobs up the line.

This is not only designed to contribute towards a policy of making best use of available manpower. For de Villiers, there is a further objective—"to give the Afrikaner a place in business."

"We've lifted ourselves up by our bootstraps *over the past* 10 years. If you want to do something, you bloody well work hard at it and if you fail, it's not for lack of wanting to do it. Our country needs *growth, it needs employment* opportunities for the blacks. Our responsibility is to grow and provide those employment opportunities."

LOMBARD

A matter of identity

BY IAN DAVIDSON

THE DEPARTMENT of Health and Social Security has just circulated a consultative document asking for comments on its proposed arrangements for charging foreigners for the use of national health facilities. The principle is sound—but will the practice turn out to be a black farce?

People with communicable diseases, like lassa fever, leprosy and whooping cough will be treated free unless they came to this country in order to get treatment. But how do you know if they came in order to get treatment? Take foreigner X who lives in a backward tropical country. He's been feeling terrible for a little while, then visits London: it is discovered that he has malaria. Does he pay or not?

Documentation

Accident cases will be treated free as out-patients, but charged if they become in-patients. Take foreigner X, knocked down by a car, brought in unconscious with a dsilocated hip but without any money on him nor any documentation to prove beyond doubt which category he falls into. Does the orthopaedic surgeon put him in traction, or does he wait for either proof or money?

Or take a young black who has never worked, whose mother has returned to the West Indies and whose grandmother has died. He may not have a passport, nor even know for certain where he was born. He falls ill in a strange town. How does he prove his eligibility for free NHS treatment?

In principle, the problem is supposed to be solved (in the case of those people who are not unconscious) by asking simple questions, like: "What is your home address? Have you lived there more than three years?" and so on. But this assumes perfect truthfulness on the part of the applicant, and perfect trust on the part of the NHS. It is easy to imagine a Polish refugee who has been here 40 years, who still sounds Polish, but who has no identity document, never having had a passport. Conversely, a Polish visitor who has been here six months, sounding much the same, could deny the existence of his Polish passport. Turks and Icelanders will be able to get *immediate* treatment if, after inquiry by the health authority, they are found to be indigent. How immediately, in such a case, is immediate?

Oddly, the DHSS proposes to extend free treatment to British nationals living abroad on British state pensions—that is, to people who not merely do not contribute to the NHS but also wish to avoid paying British tax; and to those working abroad who maintain "links" with this country, like a house here—that is, people who do not pay stamps or taxes and might well afford to pay for treatment.

The problem is that a "free" health service places the primary task of discrimination on the health administrators; whereas a reimbursing health service, as in France, places the burden of responsibility for reimbursement on the patient—where it ought to belong.

And the task is made absurdly more complicated in a free health service by the absence in this country of any simple documentary system of identifying those who would be entitled to free treatment. This system is known all over the civilised world: it is called an identity card.

Feeling safe

The very idea of an identity card is anathema to all true-born Englishmen. They don't apparently mind the fact that all kinds of public bodies have access to various aspects of their identity through computer systems, which can be interlinked, and may be milked by unauthorised persons without their knowledge; the fact that *they* have no document proving their identity makes them feel safe. Poor fools.

The result is that the consultative circular of the DHSS, while designed to penalise foreigners, will undoubtedly have the effect of causing harassment and difficulties to some perfectly eligible Britons. And it will also lead to demands for extra staffing in the NHS, to carry out the tasks of interrogation of suspects.

Homework for the future

AROUND EIGHT years ago, the incumbent president of RCA Corporation, Mr. Robert Sarnoff, *predicted* that the businessman of the future would communicate instead of going to work.

At the time, the notion seemed rather futuristic, but now with teletext, viewdata, video recorders and surging interest in satellite and cable television, the vision is coming close to realisation. Teletext and viewdata, for example, are now finding their second wind and various fragments of news passing my desk are building up a new optimism for growth in these TV-based information systems.

Untypical

Indeed, it was in my own working style of the last fortnight that I was reminded of Sarnoff's prediction. My average day is perhaps untypical in that I do not commute, living in Central London, and spend much of my time dashing between preview cinemas and other people's offices—desperately trying to find some time in between actually to become *productive*.

My working patch is Soho—capital not only of sex cinemas and strip clubs, but also of preview cinemas, the film business, and more recently the video industry too.

It has become increasingly difficult and time-consuming to attend film previews at 10.00 am for 10.30 am unless one can manipulate other meetings nearby at the front and rear end of the morning—otherwise half a day has gone. I have also strongly resisted over the years offers to send a 16 mm print (it takes 20 minutes to set up my own 16 mm projector, and half-an-hour to unpack, repack and post back the 16 mm print).

Insidiously, I find, I am now becoming chairbound in my viewing. The reason, of course, is videocassettes. When, for example, an Irish accent on the telephone said "my name is Paddy Hopkirk and we've made a film I'd like you to come and see," it was a re-run of hundreds of similar 'phone calls. In this case I recognised the name—a racing driver of renown to be sure—and in a busy schedule my heart sank yet again.

The solution, of course, was for Mr. Hopkirk to post me a cassette, the viewing of which I squeezed in at home at exactly the time when I could find a 10-minute gap in the day; no fuss, no setting up. And because videocassettes are so much cheaper than 16 mm films, I feel no twinge of conscience if I fail to post them back—not that they present to my secretary the same challenge with brown paper and Sellotape that a large, circular can of 16 mm film does.

In the last two weeks, much of my viewing has been accomplished just like that. Mr. Hopkirk's cassette, a demonstrative programme about an explosion-proof petrol can, was seen with consummate ease. Perhaps this softened my reaction to what is basically a very blunt exercise in selling; a drawn out TV commercial. But to see a conventional can of petrol ignite, and then to see Mr. Hopkirk pick up one of his own "Explosafe" cans and light the top of it on his desk is, I have to admit, very convincing. And sensibly, the film (yes, it was shot on film) tries to do no more than tell its simple story; so it is pointed and short.

In the same busy fortnight, the best will in Wardour Street could not contrive to get me to a presentation on a Wednesday when receiving notice of it only on the Monday. Which was regrettable because this was the Accountancy Age/Touche Ross Audio Visual Award for programmes communicating financial information.

Ironically, on the day of this presentation I had lunch with two senior executives from Granada TV Rental—which had entered a programme for the award. Inevitably, that same evening I was viewing a cassette of the programme — secreted into my hand over the coffee.

The Granada programme was unplaced in the contest, and I have little doubt about the reason or its failure. Titled *A Report to Employees*, I could imagine the judges muttering (as they often do) "what has this got to do with (in this case) financial information?" There is, of course, the usual sequence of bar charts, which attempt to explain why a rise in profits from £21m in 1979 to £24m in 1980 is bad — because the trading surplus fell as a percentage of turnover — all of which is just not lucid enough for the average employee to understand. However, the bulk of the programme is not really about financial results, but employee performance, views on the management, prospects and plans for the future.

Even as an employee communication programme it fails because it falls uncomfortably between an honest attempt to probe employee attitudes and a clarion call to greater effort and commitment to the task ahead.

More homework followed in taking a look at Television International's celebratory videocassette to mark the company's 10th anniversary. Now part of the new Rank Phicom Group, TVI has edited together extracts of some of its work over the past 10 years, which has ranged from Royal weddings to Wimbledon tennis. I justified this piece of overtime in the hope that it would offer light relief to normal broadcast viewing, but regrettably I found few of the gems of television coverage that would turn it into a collector's item.

My loyalty to film remains, however, and at 10.00 am on Monday of last week I diligently presented myself at Reed International's HQ in Piccadilly to see The Film. In this case, The Film was Reed's major epic about the group and its activities. But unfortunately (due to no human failing at Reed) The conematograph machine failed to function. So eventually, we all adjourned to the group publicity director's office to watch the film . . . on a videocassette.

This story has a happy ending because the techniques of this long, complex and wide-ranging film are peculiarly suited to the small television screen. With a lucid anchor man, Mr. Alan Watson (of Money Programme fame), excellent photography and stylish editing, this film almost accomplishes the impossible in bringing coherence to the vast Reed empire—together with some feeling for the philosophy behind it.

During a busy period, video is thus keeping my contact with film alive. The cause of my frenetic life at present is International Video Week, which starts at the National Film Theatre in London on Monday May 11. The week begins with the Economist Video Conference and the largest contingent of American speakers to grace a UK video conference.

Shrine

For the last three days of the week, delegates at Britain's national film shrine will be able to view 93 video programmes from 11 countries—all entries in the first International Video Festival, organised by the British Industrial and Scientific Film Association.

With delegates coming from as far afield as Australia and the Soviet Union, perhaps it proves that Mr. Sarnoff was not altogether right. Video may render travelling unnecessary. But man is a gregarious animal.

FILM AND VIDEO

BY JOHN CHITTOCK

Thirsk escapes the bad weather

RACING

BY DOMINIC WIGAN

FREAK WEATHER has already put paid to today's programme at Bath by bringing snow to the hilltop course, and Nottingham's card could also be in the balance if the expected thaw does not arrive. However, there is better news elsewhere, with no problems envisaged for Thirsk.

In the afternoon's most competitive event on the North Yorkshire track, the Hickleton Handicap Stakes, backers will do well to consider the five-year-old Hurworth House and Leader of the Pack.

The former has not won in a long time. However, he remains a useful performer, as he showed when running well at Haydock on two occasions in the autumn. Furthermore, he will be all the better for a recent and, reportedly, much-needed outing.

The half-length conqueror of Overtrick in Nottingham's valuable Strong Ales Gold Tankard earlier in that campaign, this sturdy son of Light Opera should be hard to beat off a reasonably favourable handicap mark.

Leader of the Pack is another likely to strip in better trim than most following three recent appearances, on the last of which he finished second, but I suspect that Hurworth House may just have the edge.

Denys Smith, whose Holdforth Farm, Bishop Auckland, establishment has been having a rather lean time both on the flat and under National Hunt rules in the past year or two, sends a strong team down from County Durham. His runners include Six Legs, well fancied to halt Lockwood Girl's progress in the two-year-old event, and Praetorian Guard, among the runners for the Abbey Lands Stakes.

Praetorian Guard may well be a cut above the average. The six furlongs of today's race will not see him to maximum advantage but this is likely to prove of no consequence now that Barwin, Timetable and Mr. Marshall have all been pulled out.

THIRSK

2.15—Fair Sara
2.45—Relativity
3.15—Six Legs*
3.45—Hurworth House**
4.15—Praetorian Guard***

NOTTINGHAM

2.00—Starter's Image
2.30—Britannia Trailer
4.00—Royal Diplomat
4.30—Bonnybridge
5.00—Jill Buck

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill At One. 1.45-2.00 The Flumps. 3.20 Pobol Y Cwm. 3.53 Regional News for England (except London). 3.55 Play School (As BBC2 11.00 am). 4.20 Godzilla. 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 Children Of Fire Mountain.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 Rolf Harris Cartoon Time (London and South East only).
7.20 Taxi.
7.45 The Biggest Epidemic Of Our Times.
9.00 News.
9.25 Play For Today.
10.30 Music After Mao.
11.33 News Headlines.
11.35 Platform One.

All Regions as BBC 1 except *as follows:*

Cymru/Wales—5.10-5.40 pm Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.15-7.45 Pobol Y Cwm. 12.05 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 6.50-7.20 Sorry! 10.30 World Cup Sportscene. 11.00 Omnibus. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.50-7.20 'Bout You. 10.30-11.00 Gallery. 11.00 Omnibus. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); *Look North* (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.50-7.20 East (Norwich)—The Pace-setters; Midlands (Birmingham)—Buying Time; North (Leeds)—The City That Couldn't Lose; North East (Newcastle)—Wildfowl Of Washington; North West (Manchester)—*Dodd On His Todd;* South (Southampton)—Talking Sport; South West (Plymouth)—The Attic Archives; West (Bristol)—The Chase.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50-6.55 pm Open University.
6.55 The Great Egg Race.
7.25 Mid-Evening News.
7.35 The Hollywood Greats.
8.30 Hooked!
9.00 Don Williams In Concert.
9.45 Lion.
10.25 Top Gear.
10.55 Newsnight.

LONDON

9.30 am The Master Builders. 9.55 How to Survive. 10.20 Rookie Of The Year. 11.05 The Adventures Of Niko. 11.30 Freetime. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The *Sullivans. 1.00 News, plus FT* Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon Plus. 2.45 You Are My Heart's Delight. 3.45 Barney Miller. 4.15 Five Magic Minutes. 4.20 The Moondogs Matinee. 4.45 Ace Reports. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News
6.25 Help!
6.35 Crossroads.
7.00 Looks Familiar.
7.30 Charlie's Angels.
8.30 Thicker Than Water.
9.00 Plays For Pleasure.
10.00 News.
10.30 For My Working Life.
11.30 Rock Stage.
12.25 am Close: "Sit Up And Listen" with Sir Frederick Catherwood.

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Le Village, un Village. 9.55 Get the Picture. 10.45 Brass in Concert. 11.25 The Bubblies. 12.30 pm Gardening Today. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Enterprise. 11.30 Tenspeed and Brown Shoe. 12.25 am Fresh Voices.

ATV

9.30 am The Coral World. 10.10 Tarzan. 11.00 Sesame Street. 12.00 Cockleshell Bay. 12.30 pm Gardening Today. 1.20 ATV News. 3.45 Looks Familiar. 5.15 Happy Days. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 11.30 ATV News. 11.35 Paris.

BORDER

9.35 am Tarzan. 10.20 Morning *Cinema: "The Crimson Pirate,"* starring Burt Lancaster and Eva Bartok. 1.20 pm Border News. 3.45 Looks Familiar. 5.15 Benson. 6.00 Look-*around* Tuesday. 7.00 Emmerdale Farm. 11.30 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 3.45 Looks Familiar. 6.00 Channel Report. 7.00 *Benson. 10.28 Channel Late News.* 11.30 Commentaires et Previsions Meteorologiques.

GRAMPIAN

10.00 am First Thing. 10.05 Larry the Lamb in Toytown. 10.15 Target the Impossible. 10.40 Hands. 11.10 *Chips.* 11.55 Hallas and Batchelor Cartoon. 12.30 pm Gardening Today. 1.20 North News. 3.50 *Looks Familiar.* 6.00 North Tonight. 7.00 The Entertainers *(Iris Williams).* 11.30 North Headlines. 11.35 Sounds Gaelic. 12.05 am Paris by Night.

GRANADA

9.30 am Mumbly. 9.40 Circus. 10.05 The Nature of Things. 11.00 Sesame Street. 1.20 pm Granada Reports. 3.45 Looks Familiar. 5.15 Mork and Mindy. 6.00 Granada Reports. 6.25 This is Your Right. 7.00 Emmerdale Farm. 11.30 After all That, This. 11.40 The New Avengers.

HTV

10.10 am Harriet. 10.35 "The *Captain's Table," starring* John Gregson and Peggy Cummins. 12.30 pm George Hamilton IV. 1.20 HTV News. 3.45 Looks Familiar. 5.15 Eager Beaver. *5.20 Crossroads. 6.00 Report West.* 6.30 Diff'rent Strokes. 7.00 Emmerdale Farm. 7.30 Hawaii Five-O. 10.28 HTV News. 11.30 Father Dear Father.

HTV CYMRU/WALES—As HTV WEST except: 12.00 pm Poli a Pili. 12.05-12.10 pm Callimero. 4.15-4.45 Camigam. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Y Fam Ddaear A'i Phlant. 11.15-12.15 am For My Working Life.

SCOTTISH

10.00 am Hands. †10.25 Tuesday Matinee: "Turkey Time," starring Tom *Walls, Ralph Lynn and Robertson Hare.* 11.35 Survival. 12.30 pm Gardening Today. 1.20 News Headlines and Road and Weather Report. 3.45 Looks *Familiar. 5.15 Tales of Crime. 5.20* Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take The High Road. 7.30 Vegas. *11.30 Late Call.* 11.35 George Hamilton IV.

SOUTHERN

9.30 am Kum Kum. 9.55 The Lost Islands. 10.20 How the West was Won. 11.55 Cartoon Time. 1.20 pm Southern News. 3.45 Looks Familiar. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm. 7.30 Vegas. 11.30 Tenspeed and Brown Shoe.

TYNE TEES

9.20 am The Good Word. 9.25 North *East News. 9.30 Survival.* 9.55 George Hamilton IV. 10.25 Morning Movie: "The Pied Piper," starring Donovan, Jack Wild, Donald Pleasence and John Hurt. *11.50 Larry the Lamb.* 1.20 pm North East News and Lookaround. 3.45 Looks Familiar. 5.15 The Electric Theatre Show. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 11.30 The Odd Couple. 12.00 Hadrian's Wall—And You.

ULSTER

10.35 am Little House on the Prairie. 11.30 Free Time. *1.20 pm Lunchtime.* 3.45 Looks Familiar. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. *10.29 Ulster Weather.* 11.30 Bedtime.

WESTWARD

9.30 am Cartoon Time. 9.55 Feature Film: "Christopher Columbus," starring Fredric March. 11.30 Out of Town. *12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward* News Headlines. 3.45 Looks Familiar. 5.15 Emmerdale Farm. 6.00 Westward Diary. 7.00 Benson. 10.31 Westward *Late News. 11.30 Faith for Life.* 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Larry the Lamb. 9.40 Patterns. 10.05 Tandarra. 10.50 Popeye. 11.00 Beachcombers. 11.30 Saddle-back. *11.55 The Undersea Adventures* of Captain Nemo. 12.30 pm Calendar People. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Calendar—*It's a Vet. 6.00 Calendar (Emley Moor* and Belmont editions). 7.00 Emmerdale Farm. 11.30 Pavilion Folk.

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.00 *Star Wars.* 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 7.00 Talk-about with Adrian Love. 8.00 Richard *Skinner. 10.00-12.00 John Peel (S).*

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 *Susannah Simons* (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 John Dunn (S). 8.00 Life is Nothing Without Music (S). 9.00 Glamorous Nights (S). 9.55 Sports Desk. 10.00 The Arthur Askey Variety Show. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You And The Night And The *Music (S).*

RADIO 3

6.55 am Weather. 7.00 News. 7.05 *Morning Concert (S). 8.00 News.* 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Schumann (S). 10.00 Baroque Violin *Sonatas (S). 10.35* BBC Welsh Symphony Orchestra (S). 11.10 Light Music Miniatures (S). 12.15 pm Beethoven Symphonies, part 1 (Symphony No. 6) (S). 1.00 News. *1.05 Six Con*tinents. 1.25 Beethoven, part 2 (Symphony No. 5) (S). 2.00 "The Trumpets." A cantata by Gilbert Vinter (S). 2.50 Youth Orchestras of the World (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Joseph Martin Kraus (S). 7.35 Words. Words. Words (S). 8.00 Royal Philharmonic Orchestra from the Royal Festival Hall, London (S). 9.05 Yemen Rovisted. 10.00 Small Talk Ast Wreyled by Cecil Torr. 10.25 Italian Songs (S). 11.00 News. 11.05-11.15 Klemperer *Conducts Mozart (S).*

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's *News*, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre (S). 11.35 Wildlife. 12.00 News. 12.02 pm You And Yours. 12.20 Down Your Way visits St. Michael's Mount in Cornwall. 12.55 *Weather; Programme* News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 *Precious Bane (S).* 4.00 Science Through The Looking Glass. 4.15 Master Mind of Gardening. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 *Shipping Forecast.* 5.55 *Weather.* 6.00 News. 6.30 Brain of Britain 1981 (S). 7.00 News. 7.05 The Archers. 7.20 The Hitch-Hiker's Guide to the Galaxy. 7.50 *The Shetland Bus.* 8.35 *A Touch of* Genius: Robin Ray traces the artistry of Polish pianist, Josef Hofmann. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Small Intricate Life of Gerald C. Potter. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 The Good *Vote Guide. 5.30 Music On The Move.* 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time from The House of Commons. 11.00-*6.00 am Joins Radio 2.*

London Broadcasting

6.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 4.00 LBC Special. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Tony Myatt. 12.30 Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. *6.30 London Tonight.* 8.30 Nicky Horne's Rock Show. 10.30 John Sachs's Late Show. 12.00 After Midnight—Duncan Johnson, including Capital *Nightcap at 12.03 am.*

F.T. CROSSWORD PUZZLE No. 4,555

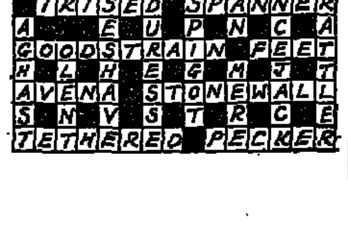
ACROSS

1 Dynastic struggle involving sheets of arrows (4, 2, 3, 5)
10 Prickly sort of letter in Old English (5)
11 Tone of firm threatening? (9)
12 Slight disregard (7)
13 Heart of Midlothian greeting in play (7)
14 Tendency of old penny to chink? (5)
16 Such hospitality to become U, one hopes (4-5)
19 Wild deer still found, though fenced with lattice-work (9)
20 Coarse garments for plunges (5)
22 Said to be a vice-general of Rome (7)
25 Tungsten to impair fluency in reverse (7)
27 This peony is cultivated to dazzle (9)
28 Beaten path—outgoing cowboys hit it (5)
29 Such robbery changes Turpin's style (5-9)

DOWN

2 Dealing so precariously close to pier (9)
3 Char no end of a vocalist (5)
4 Waggish aspect over promissory notes (9)
5 He will shortly ring—to say it? (5)
6 Not having clean plates, of course (5-4)
7 Lighter sort of tumble (5)
8 Some beginning to disregard gentleman abroad (7)
9 Plastered and pebble-dashed (6)
15 By which means the ring-finger often leads to engagement? (9)
17 Somehow, women tend to show assurance (9)
18 Lacking confidence in firm merging (9)
19 A pot he's ordered here (7)
21 Mere herb (6)
23 Decoy appearing in Wagner opera (5)
24 Foreigner having a right on property (5)
26 It is unkeyed in its opening movement (5)

Solution to Puzzle No. 4,554



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Ashmolean Museum, Oxford

The decline of the antique

by ROY STRONG

The Ashmolean Museum, Oxford, is staging *"The Most Beautiful Statues:" The Taste for Antique Sculpture 1500-1900* (until May 10) to coincide with the publication of the splendid and much needed book *Taste and the Antique* by Francis Haskell and Nicholas Penny. Exhibition and book are the work of the same team and there is no doubt that the subject makes a better book than exhibition. And that that is so must be because the latter is by way of an afterthought to the publication rather than conceived in tandem with it. None the less it is a pleasurable appendage displayed with the graciousness of an old-fashioned connoisseur befitting such a venerable museum.

In brief what is good for the visitor is to adjust the visual index cards of his late 20th century mind. Up until the close of the last century those cards were filled with images of what were adored as "the most beautiful statues," antique marbles like the Apollo Belvedere, the Venus de'Medici, the Borghese Gladiator, Loacoon and Cleopatra, to name but a few of this army of ancient marbles that generations of artists and tourists have worshipped since the renaissance.

Now, when we visit the Uffizi, we walk straight by the Venus de'Medici to prostrate ourselves before the *Primavera* by Botticelli, an artist exhumed and exalted under the impulse of the Pre-Raphelite movement. The paintings, drawings, engravings, books, sculpture, gems and medals assembled in these two galleries remind us of this *revolution in the make-up of* our minds. It highlights visual points of reference gone forever.

We can no longer look at a picture by Raphael, Rubens, Poussin or Reynolds or a sculpture by Giovanni Bologna or Bernini and immediately recognise the antique allusion in the same way that the artist intended and which was designed to give extra dimension and pleasure to the onlooker. "The most beautiful statues" people the formal gardens of the great palaces and houses of Europe in the form of casts and copies and yet how few can we recognise.

False gods they have unfortunately turned out to be. It is not merely the fact that taste has changed but aesthetic judgment and archaeological accuracy has found them out. They have been demoted as inferior Roman copies of lost Greek originals. They have been spurned for having been restored with a vengeance with often whole arms and legs added. And yet for four centuries they embodied canons of beauty and proportion that were studied with fervour. The greatest works by the artists of the renaissance were as nothing compared with what a monarch would lavish on obtaining one or more of "the most beautiful statues."

Infinite was the frustration of Northern European monarchs that these coveted divine objects were concentrated in a few palaces and villas in Rome and Florence, in the Belvedere, the Villa de' Medici and the Uffizi. The only monarch who, through conquest, broke the spell was *Napoleon* who carted them across the Alps to form the crowning glory of his transitory museum. His predecessors in the chase had to make do with copies or casts.

Francis I was the first to import them. In this country it was Charles I who sent the court sculptor, Hubert le Sueur, to Rome to make moulds from which he made a series of casts to adorn the royal gardens. Now they stand on a terrace at Windsor Castle. By the 18th century the manufacture of these casts and copies was an industry catering for every size and every market.

The point that the exhibition makes is that "the most beautiful statues" inspired better works of art than the originals. In the main the organisers have brought together instances within the museum's own handsome collections, marvellous impressions, *for instance, of rare early* engravings of the statues. Among the pictures it is strange to contemplate Wright of Derby's *Three Persons Viewing the Gladiators by Candlelight* in which three men are grouped around what the light of common day would reveal as a rather nasty statuette from the mantleshelf. But enveloped in Caravaggesque chiaroscuro the young men seem to be listening to the censure of their elder on the drawing of the statue pinned up before them. Batoni's portrait of the first Earl of Leicester forms a gallant contrast, reminding us how much this artist depended on "the most beautiful statues" as props, popping one or other into the background of his innumerable suave but often *vapid likenesses of English* milords. The Cleopatra makes an odd companion for this handsome aristocrat in his shimmering Van Dyck suit of pink satin, lace and feathers.

All the time we are reminded of the spell cast by these objects. More English travellers are caricatured by *Thomas Patch* quizzing the contents of the Tribunà. The statues are rowed up in the background of Carlo Maratta's engraving of an Academy of Design. They are sealed down on to medals or gems or cameos. They are featured in every book on the antiquities of Rome and gave Piranesi a vehicle for fantastic visions as to their original setting. In this and 100 other ways "the most beautiful statues" conquered not only *Western Europe* but Russia and the U.S.

It is strange to think of how many generations of artists learnt to draw from these plaster casts. One shudders to estimate how many hundreds of thousands of drawings were made after them and how very recently the tradition came to its end. *Diana Cooper, of all* people, with her sister at the Slade "sat shivering in the vast studios, absorbed in fixing the Discus Thrower on to our drawing boards" while Ambrose McEvoy hovered in the background telling her "what was wrong—everything really." My wife remembers in 1947 to 1948 a whole first year at art school still drawing from them. In my own grammar school at the same time the art class storeroom was piled high with mini-versions, including a large Venus de Milo who suffered from being daubed in the inevitable places. By then they were definitely out and the *holocaust followed.*

A bronze copy of the Ludovisi Mars by G. F. Susini, 1620

So the Ashmolean Museum exhibition reminds us of this vanished pantheon, this lost *compartment of the post-renaissance* mind. As an exhibition it is full of latent possibilities, one of which would be a major exhibition on the impact of the arrival of these statues and of other classical antiquities on the whole development of British art from the era of the Earl of Arundel down to the advent of the Elgin marbles. In retrospect they seem such thoroughly undomestic objects *with which to live. Few rooms* could have been less welcoming than Sir Thomas Laurence's sitting room which was peopled by them, heaped up along the walls including a huge antique foot under a dome. A fire and a couple of chairs are the only evidence that this was a room for living in.

Anta, Broadway

Copperfield

by FRANK LIPSIUS

The new musical at the Anta Theatre, Copperfield, takes almost the whole of the first act to shake off its self-consciousness as a classic. Even doing away with Davy's schooling at Salem House and the colourful travelling scenes, Al Kasha and Joel Hirschhorn have a lot of ground to cover in their collaborative book, music and lyrics.

Against a backdrop that looks like a contemporary engraving, the early years pass at a faster clip than the non-stop treadmills that transport the furnishings across the stage. All together, 19th-century England comes off badly in Tony Straiges's perpetual-motion scenery that only accentuates the play's effort to plough through the book with unseemly haste.

Though equally elliptical, the second act slows down to enjoy the rich mimicry of Barrie Ingham as Uriah Heep, a tall carrot-topped schemer who gains an able accomplice in his mother (Beulah Garrick). They inspire some spirit in Micawber (George S. Irving) and together these three breathe a little liveliness into a production that is directed rather aimlessly by Rob Iscove.

By the time of David's adulthood, when Brian Matthews takes over the role from Evan Richards, the play acquires a more stately composure that better suits the agreeable music set to lyrics that do surprisingly well with the challenge of Dickens. Micawber's theme, "*something will turn up,*" *itself* turns up a sprightly three times, the last on a dock when the scenery finally looks more than two-dimensional.

Peggotty (Mary Stout) and Aunt Betsy (Carmen Mathews) are affectionate enough but do not seem capable of handling their charge. They share with Leslie Denniston as Agnes the useless habit of standing on stage with their hands clasped demurely in front of them.

Elizabeth Hall

Sequenzas

by ANDREW CLEMENTS

The picture of Luciano Berio as a latter-day Hindemith, turning a tidy hand to any and every genre with total facility, can only be encouraged by a concert of the kind organised by the Park Lane Group on Sunday evening. It is not long since the London Music Digest presented the eight (as they then were) *Sequenzas* for solo instruments in a memorable *single programme; then, as far* as possible, the performers were the originators of the pieces, whose various virtuosities had been Berio's starting points. The PLG, in a concert in aid of the Italian Hospital, chose the same plan, brought the series up to date with the inclusion of both clarinet and saxophone versions of the ninth piece, and produced an unsatisfying, at times irritating evening.

No one would claim that the *Sequenzas* represent the best of Berio. Hearing a number in succession reinforces one's faith in his ability to seize unerringly upon a memorable musical gesture and exploit it to the full, but also reveals the obsessive working of these effects, the mechanical way, in certain numbers that they are tricked out. The flute piece (the first) stands apart from the main series, and their popularity in general rests upon the spectacular *coups,* more theatrical than musical, of the third for voice, and the fifth for trombone. Where the musical germ *is less surely chosen the peices* seem uncomfortably protracted. On a second hearing the latest, *Sequenza IXb* for saxophone is *uncertain of focus* and distinguished of event; in its clarinet version the effect seems less ponderous though the lack of immediacy remains.

The Park Lane Group chose to use performers who had come through its "Young Artists and 20th-Century Music" series, all of them admirable and proficient, but few of them possessing the extra sparkle to turn their party pieces into involving events. Exceptions were Roger *Williams, whose genuinely* funny account of the trombone work is more carefully paced even than Globokar's definitive version, and Irvine Arditti's *Sequenza VIII,* making a case for this violin piece to have the most musical substance of any of the series to date. Highly competent performances also from Philippa Davies (flute), Frances Kelly (harp), Richard Wilson (viola), and John Harle and David Campbell in the twin versions of No. 9. Whoever had the idea of making an already long evening longer by the addition of selected readings, most of them of dubious relevance, *should not have the same* idea again.

Book Review

Look upon these pictures by CHRIS DUNKLEY

Cue Frank!
by Frank Bough. Queen Anne Press, £5.95. 192 pages

Let's Get Through Wednesday
by Reginald Bosanquet. Michael Joseph £6.50. 192 pages

Famous balding television presenter Frank Bough is a 47-year-old Oxford history graduate who did his national service *in the army.* His estimate of the *significance* of the programmes which he fronts and of their quality and that of all his colleagues is very high. His book about his job often lapses into the clichés of slipshod journalism which characterise Nationwide, one of the series he presents: Hong Kong is "a *teeming vibrant city,*" Grandstand presents "a glittering array of sporting events" and so on.

Famous balding television presenter Reginald Bosanquet is a 48-year-old Oxford history graduate who did his national service in the army. His idea of the significance of the changes in news presentation wrought by ITN and his estimate of the genius of his colleagues is very high. His book *about his job* lapses *too often* into the clichés of slipshod journalism: on P.1 Aidan Crawley has a "kindly smile," P.14 he is "ruggedly handsome" and so on. There the similarities end.

Bough's is a solid chunk of hard work which he appears to have done on his own. Indeed there would seem little to gain in employing a ghost writer for the central and by far the most interesting sections which describe dramatically and in telling detail not only how the BBC's Saturday sports programme Grandstand is *put on the air, but exactly* what it feels like to be the man who does the live presentation.

Even Bough, one of the most impressive masters of the technique, cannot explain how the human brain manages to deal with producer's instructions pouring into one ear through a "deaf aid" as the other ear monitors—say—the deluge of sound at Cardiff Arms Park while the mouth delivers to camera a coherent link to Harry Carpenter on the Putney towpath for the Boat Race. But even if he cannot explain *how* he is in the best position to explain precisely *what* and does so vividly.

He emerges from the book as an archetypal bluff middle-class Englishman: deeply proud of his parents, his birthplace, his children (even his children's comprehensive school) his wife and his job. If he has a single seriously critical thought about anyone he has ever worked with it is absent from this book. He would seem convinced to the point of fond foolishness that all's *for* the best in his best of all possible worlds but for a couple of brief passages:

"Weekend family life has been non-existent for years due to Grandstand. Has the experience of doing a job that 1m sports-mad people would love to do been worth the sacrifice? Sometimes I think not."

And:

"Oh to have given as much pleasure as those rugby heroes! I envy them that as much as I wish I could have written Elgar's Violin Concerto. To have done either would have ensured me a *happy death.*"

Though not the most profound insights ever found in an autobiography these make Bough appear a paragon of percipient sensitivity compared with the figure outlined in the other book. *Let's Get Through Wednesday* has all the charm, subtlety and freshness of the chap who corners you in the saloon bar and insists on telling you seven funny stories. Bosanquet, however, doesn't even buttonhole you himself, he sends a messenger to do the job—the book is ghost written.

In fact it is the laziest book imaginable, telling the life story of ITN's most extraordinary news reader in a sketchy, inconsistent and non-chronological manner. It gives the reasons for Bosanquet's lopsided smile and his toupée, medical in both cases, and that apart consists of a mass of anecdotes, jokes and hoary old reporters' tales. Sometimes these are linked by phrases such as "I enjoyed many a social occasion . . ." or "There was another aquatic incident . . ." but often they are completely unconnected. When he runs out of his own stories Bosanquet tells other people's: Bob Hope's, Robin Day's, David Jacobs', even one of Edward Heath's which he admits the politician asked him not to use.

Since his feelings about real newspaper journalists are bilious ("newspaper columnists . . . do not make it a general rule to check things they see in print" etc) *it is ironic to discover* how desperate Bosanquet is to be accepted as a journalist himself. Describing the news reader's job he declares wistfully "he is involved in the preparation of the news just like a journalist." But what proper journalist would caption one of the book's photograph's "Crawley knew what to demand of . . . I" even when the dots represent "learners such as"?

Busy season for RSC

The Royal Shakespeare Company announced a packed 1981-82 programme yesterday of thirty plays for Stratford-on-Avon and London. It will be its last season at the Aldwych, for next year the company moves into its new London home in the Barbican, although director Trevor Nunn was quick to point out that any successes deserving a transfer to the West End *would ideally go to the Aldwych* rather than the Piccadilly, which currently finds a home for RSC hits.

A feature of the season will be a double bill of *Titus Andronicus* and *The Two Gentlemen of Verona,* opening at Stratford on August 26. They are being presented together, partly because they were written in the same year but mainly to ensure good attendances for two of Shakespeare's least-popular plays. Other new productions in the Royal Shakespeare Theatre season include *The Winter's Tale; A Midsummer Night's Dream,* sponsored by the National Westminster Bank; *All's Well that Ends Well,* directed by Trevor Nunn; and *Henry IV,* parts I and II, sponsored by *Midland Bank.*

Among interesting new productions at The Other Place in Stratford are *The Twin Rivals* by Farquahar, the first major revival since its original run in 1702; *The Witch of Edmonton* by Dekker, Ford and Rowley; and *Money* by the 19th-century writer Edward Bulwer Lytton.

ANTONY THORNCROFT

Ballet

Marco Spada by FREDA PITT

The constantly increasing interest in ballet in Italy has not sufficiently changed one of the most fundamental differences between the situation in London or New York and that in Italy. There are many more *performances,* all round the country, but whereas in England or the U.S. the dance-lover's staple diet is healthily made up of home cooking, in *Italy it is guest companies* or local groups with guest stars who provide the highlights.

Because of their rigid structures and the limiting subscription system, *the opera houses* have simply not caught up with the swing in public interest. La Scala has been beset with troubles in all departments this season, and the ballet company has been completely inactive for three months. At the Rome Opera, the one important ballet programme this season is *Marco Spada,* which received its first performance last month.

This ballet was first produced at the Paris Opera in 1857, and the Rome production *is the* first this century. The music was based on Auber's opera of the same name, given five years earlier at the Opéra-Comique. It contains echoes from previous Auber operas, and at the time the only excitement seems to have been aroused by the professional rivalry between the Milanese ballerinas, Amalia Ferraris and Carolina Rosati, both much praised, and to a lesser extent by the stage effects.

For the rest, the choreography would seem to have been a routine affair. Perhaps it was the Roman setting that attracted the opera house management here and persuaded them to what is in effect a barrel-bottom scraping operation, since Mazilier seems to have been considered something of a hack by the more demanding critics, and those of his ballets that survive, such as *Paquita,* are known in Petipa's choreography, not the original.

Pierre Lacotte of the Paris Opéra is known as an expert restorer of 19th century ballets, the best examples of his work *in that field at the Opéra* being *La Sylphide* and *Coppelia.* For *Marco Spada,* however, he had only the score and a few costume designs to work from, so he had to create the choreography himself. Not content with that task, *he also took on* the designing of the scenery and costumes.

Cast changes resulted in a shift of emphasis. The sub-title of the work is *La fille du bandit,* but with Rudolf Nureyev as Spada, that role became a massive dancing one, and although his daughter Angela (Ghislaine Thesmar) has many opportunities to shine, Spada has very much the lion's share. It may be Nureyev's first role as a middle-aged father, but this is a hyperactive parent, who is hardly still a moment. As usual, he would be even more effective if he relinquished one or two *solos,* but he was in extraordinary form and also interpreted the humorous flourishes engagingly. If only he had not frequently interpolated some of his own tiresomely over-fancy "signature" steps into the choreography, his performance would have gained even further in clarity and *legato.*

The three guest artists from the Paris Opéra showed off that house's best style to perfection, Thesmar as the gentleman-bandit's beautiful and lovable daughter, Fransesca Zumbo, *sprightly and charming as the* Marchesa, and Michaël Denard impeccably stylish as Federici, with whom Angela is happily united during her father's death scene. Alfredo Rainò turned in a nicely judged performance as the Marchesa's dragoon captain suitor, ardent and slightly ridiculous. Scribe's libretto is highly complex, but basically unimportant other than as a pretext for an almost constant stream of virtuoso dancing at a high level, including the local *corps,* who have not looked so good for years. And what lavish costumes they had to wear, against a background of sumptuous sets and frequent stage effects, culminating in the split-level last scene, with the bandits hiding out below and the police marching over the green hills *above.*

No masterpiece this, but a highly enjoyable collectors' item, lovingly prepared. It would look well at the Opéra—preferably with some cuts, for its three acts are overlong at present.

Festival Hall

Sanderling/Klein by DAVID MURRAY

After their Brahms celebration on Saturday, the Philharmonia reappeared on Sunday under Kurt Sanderling in a Romantic programme that had Brahms' Third Symphony as centrepiece. They began with the "Manfred" Overture of Schumann—a high-strung performance, suggesting far more *anxious* tensions than are usually detected in the piece (and Sanderling placed special emphasis on its dark, expiring coda). The troubled psychological climate was scarcely lightened for Brahms.

Autumnal mellowness is generally taken to be the keynote of the Third Symphony. There was all the measured strength that one expected in Sanderling's reading, but it glowered more than it glowed. His tempi ran a notch or two below the norm, and though the Andante was outlined tenderly the other middle movement, the Poco allegretto, sounded dense, withdrawn, suppressed. The opening Allegro had been proposed as an argument on a towering *scale* (the sense of relentless development sharpened by omitting the exposition-repeat); the Finale recaptured that manner *of muscular* elaboration and debate. At the quiet end there was no romantic sunset, but banked fires.

The Brazilian pianist Jacques Klein was the fastidious soloist in Chopin's F minor Concerto. Sanderling claimed no serious role whatever for the orchestra, but merely supplied a discreet décor to set off the piano. Clean-fingered and *soigné,* Klein made most of the sheer prettiness of the piano-writing; whether a greater show of spirit would distort this very early, period-bound Concerto may be debated. One suspects that Chopin himself was not shy of imposing a personality upon it beyond its winking figurations, and surely some air of spontaneity. Still, Klein's thoroughly cultivated style is rare these days, and it lit up some dusty corners of the Concerto. After that, Wagner's *Meistersinger* Prelude made an odd—but ripely exuberant—epilogue.

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Halftime score in France

GENERAL Charles de Gaulle fashioned the constitution of France in the image of his own towering personality. It was designed to make him the most powerful person in the politics of the country. He and his successors were given the right to appoint and dismiss Prime Ministers.

The President's term of office extends over seven years, giving him more leeway than that of any leading figure in the world's major democracies. His powers of patronage are great.

A crucial article in the constitution gives the executive power to rule by decree instead of the normal parliamentary process under certain widely defined circumstances. They include not only evident emergencies, such as a threat to the territorial integrity of France, but also a threat to the regular functioning of the institutions of the country. That phrase does go—or at least could go—far beyond *protection against a revolution.*

Compromises

Such is the theory. The reality was somewhat different. The system did not even work for the General. In 1969 he resigned, seemingly in a huff, because he lost a referendum on what most others considered a secondary issue. His successors, a much smaller breed, have had to make their compromises and accept limits to their power.

That reality must be taken *into account, both when looking* back upon the record so far of the incumbent, M. Valery Giscard d'Estaing, and when *looking into the future,* regardless of whether, on May 10, he does or does not win the decisive second round of the presi*dential elections.*

The President came to office in 1974 as a man of change and reform. He was inclined to reduce the presidential term and to modify the rules permitting government by decrees. Neither has happened. There are clear signs that, in office, he has acquired a taste for power.

A second reality is that of the French Left. It is extremely strong, at least in numbers, and more than once has appeared to be on the verge of power. The narowness of M. Giscard d'Estaing's lead over the Sociaist, M. Francois Mitterrand, in Sunday's first round domenstrates how strong the Left is. But it should not be forgotten that in 1974 M. Mitterrand representing a united Socialist-Communist ticket — actually led M. Giscard d'Estaing on the first round and did so by a substantial margin.

In 1974 the second round brought about a reversal in favour of M. Giscard d'Estaing and what the French call "the majority," meaning the often quarrelsome alignment of the main bourgeois, anti-socialist parties. That need not mean that M. Giscard d'Estaing is safe: too much has changed and, besides, there is an old tag about France being bored. When she is bored she can become incalculable.

But there has been another significant change since 1974—the drifting apart of Socialists *and Communists. M. Georges* Marchais, the Communist leader, has abandoned his brief flirtation with Euro-Communism *and has devoted his main* energies not to the success of the Left but to maintaining his own party's position.

If M. Mitterrand does come out on top in the second round *he intends* to call elections to the National Assembly. Their outcome would be anyone's guess: last time round the majority had a narrow squeak. M. Mitterrand has also said that the Government formed after the elections should reflect the composition of the Assembly. Failing a united and victorious Left he has thus left open the possibility of going fishing for a new majority in his own party and among non-socialists.

M. Giscard d'Estaing, of course, has a ready-made majority in those parties that have sustained him and his pre*decessors. If is true that the* main Gaullist faction has often been fractious. But its leader, M. Jacques Chirac, yesterday said that he, personally, would support the President on May 10. That will not prevent him from playing hard to get once the business of governing begins.

Assembly power

The *structure* left by Gen. de Gaulle, oriented though it was towards the pre-eminence of one man, does give the National Assembly, and hence the parties, the possibility of refusing legislation and denying confidence to the Prime Minister appointed by the President. So far the Fifth Republic has never had a majority opposed to the President. The machinery has never been fully tested. But it is clear that whoever wins on May 10 will not be able to rule the roost regardless of what the parties want.

Cartels and competition

THE EXISTENCE of powerful competitive forces throughout the economy is an essential precondition for the success of any economic policy which relies on markets, rather than central planners, to make the crucial decisions about the allocation of a nation's resources. The fact that 11 leading chemical companies, including ICI and BP Chemicals, were yesterday named by the Office of Fair Trading *as operating a* secret agreement to restrict competition, albeit in a relatively small and unimportant *market, gives cause for concern* about the whole competitive climate in which British business operates.

Collusion

The agreement registered yesterday by the OFT concerned *collusion in the timing and size* of price increases for polyester resins, which are used in glass fibre and paint manufacture. In isolation such an agreement could not, of course, have had any noticeable detrimental effect on Britain's economic performance. However, over the past few years several cartels of the same kind have been uncovered in a variety of important product markets, ranging from ready-mixed concrete and telephone cables to diazo copiers and sliced bread.

Taken *together,* the unregistered cartels that have come to light cover a not insignificant part of the British *economy. It is quite possible,* furthermore, that the agreements which the OFT has been able to uncover are only the tip of an *iceberg* since, until recently, the OFT's powers to investigate restrictive practices have been extremely circumscribed.

Before the Competition Act was passed last year, the OFT was prevented from demanding information from companies on trading agreements unless it had "reasonable cause to believe" that an unregistered agreement did in fact exist. *This restraint* on investigation, introduced by a judgement of Lord Denning, made the OFT little more than a *passive recipient of informa*tion which had to be provided by members of cartels themselves or by their aggrieved customers.

Under the new legislation the OFT has broader powers to seek information on all kinds of "anti-competitive practices." But it is still questionable *whether either the OFT's* resources, or the sanctions which are imposed on companies that collude to distort competition, are equal to the task.

There are in Britain no penalties for the operation of secret cartels. When an unregistered agreement, such as the one concerning polyester resins, is discovered, it merely becomes void and unlawful for the parties to enforce. Only if the Restric*tive Practices Court grants* the OFT an injunction against any similar agreement operating in the future, and only if the same parties are then found to be colluding again, do penalties come into play. Remarkably enough, there have been cases in which, even after all this warning, reputable companies have been found guilty of colluding again.

Thus, for companies which are *prepared* to desist from colluding as soon as their cartels are uncovered, there is really very little risk in entering *restrictive agreements.* The worst that can happen is that a customer can sue for damages for "breach of statutory duty." *In most cases this is unlikely to* happen, since there may not be one single customer for whom the damages would be great *enough to make an action worth*while. Only in the case which the Post Office brought against the telephone cable manufacturers have substantial damages, running into millions of pounds, been won.

Relaxed

The law on restrictive practices is only one example of the very relaxed attitude to competition and monopoly which British governments have traditionally taken. While competition is an all-purpose virtue to which most politicians pay lip service, attempts to sterngthen it have alway run into vested *interests* which are much more powerful than the diffuse desire to "make markets work." For a Government, like the present one, which *bases* the whole of its economic policy on the efficient working of markets, a stronger stand on competition may be required.

GLC ELECTION

The real Left-Right battle

By Robin Pauley

LONDON goes to the polls on Thursday next week in an election which both sides have proclaimed the most important for 50 years, but which has produced tired local campaigns which never strug*gled out of first gear.*

The Conservative Party, a little rashly perhaps, was privately conceding that it had virtually no hope of retaining control of the Greater London Council almost before the campaign began.

This highlights the fact that no matter how important the local issues — and the London issues are very important at the moment — the GLC election is used by the small part of the electorate which bothers to vote as a chance to express an opinion about the Government of the day.

So no matter how well or badly the Tories at County Hall might have done during the past four years, the key issue is how well or badly the Tories at Westminster are felt to have done in the past two years. And even if they had been doing remarkably well, the mid-term is a convenient point for Tory *voters to stay at home or regis*ter a protest vote (or no vote) before perhaps returning to the fold at the next general election.

Attention has therefore focused not on the differences between the two main parties but on the sharp differences within the Labour Party.

Although an unexpected defeat in the London election would be a disaster in both local and national terms for the Labour Party there are a number of issues which suggest they may not have as easy a victory as they ordinarily might have expected. The local and national split in the party, the widespread sympathy for social democratic policies, the (latest) Liberal revival in parts of the city and the large number (222) of candidates outside the three main parties could all help to deny the Socialists some of their expected gains.

This, if nothing else, should have stirred the Tory cam*paigns but history is a powerful* influence and the fact that the GLC has never been held by the party of government at mid-term *seems to have put the Tory cam*paign to sleep before it began. In fairness, the Labour campaign has been equally flat.

The Conservatives, clearly operating without the help of Saatchi and Saatchi, have produced nothing more sparkling than a variation of their general election motto "Keep Britain out of the Red," which now reads "Keep London out of the Red." The Labour Party has a campaign symbol which is an overfed cross between the Southwark Sparrow and Buzby and can think of nothing more inspiring to say than the election date. Impact so far appears minimal and the chances of a high poll are low.

The Tories are warning of a Marxist or Trotskyite take-over of the capacity, the Socialists proclaim the poll as a (last) chance to save London and, simultaneously, to deliver a crushing verdict on two years of Mrs. Thatcher.

Both Lord Thorneycroft, chairman of the Conservative Party, and Mr. Michael Foot have been waxing eloquent about Mr. Herbert Morrison's *great Labour victory in 1934* when Labour won control of the London County Council from the Municipal Reform Moderates *(Tories) and never lost it until* 7m Londoners.

The Greater London Council is the top tier authority for the 12 inner London boroughs and the 20 outer London boroughs. It replaced the old London and Middlesex County Councils in 1965. It is the strategic planning authority for London and provides a framework for local planning by the borough councils. In *recent years* it has moved to divest itself of its housing responsibilities which are being handed over to the boroughs. It is responsible for the broad policy and financial control of London bus and tube transport and is responsible for 870 miles of main roads. It is the waste disposal (but not collection) authority for the whole of Greater London and is responsible for the Greater London fire service, one of the largest in the world. It provides 35 of the 48 members of the Inner London Education Authority from its Inner London members (the remaining 13 being nominated by the 12 Inner London boroughs plus the City of London).

The GLC budget in 1980-81 was £2.68bn of which £2.2bn was revenue expenditure (including £710m for ILEA) and £490m was capital expenditure. Of the revenue expenditure about £1bn was provided by ratepayers as part of their rate bills which they pay to the boroughs. They, in turn pass the county "precept" portion on to the GLC. ILEA itself decides how much it needs for education and the boroughs also collect this amount from ratepayers and pass it on.

SIR HORACE CUTLER
GLC leader

Lord Thorneycroft insists the present London Labour Party bears no resemblance to "that great man of that great party." Mr. Foot says the election is the most important since 1934 and the new Labour administration would as crucial to the future of London as Morrison's was.

Behind both statements is a barely concealed anxiety about what will happen immediately AFTER the election if Labour wins and Sir Horace Cutler's Tories are defeated. The real concern is over whether the Left-wing will mount a leadership coup and if they succeed what it will mean for the 7m Londoners.

The issue focuses on two men who are unable to hide their contempt for each other: Mr. Andrew McIntosh, a 46-year-old market and social researcher, leader of the moderates, and Mr. Ken Livingstone, a 35-year-*old full time councillor, leader* of the Left faction on the GLC who has promised to fight the leadership the day after the *election if Labour wins.* The list of candidates indicates he has a good chance of success and the bigger the victory the better his chances.

In *fact,* a victory by Mr. Livingstone would probably produce more of a change in style than in content—at least to begin with. All candidates—Left and Right—are committed to the basic manifesto with housing, employment and transport as the main planks.

The cut of 25 per cent in London Transport fares followed by a three-year fares freeze is common to both factions and will require a supplementary GLC rate of between 6p and 8p in the autumn. The Left has dropped its plan for free fares for the time being, seeing the impossible burden it would impose on ratepayers. In fact, the nearer to power they come the more realistic the Left seems to be becoming.

Yet the difference in presentation between Mr. McIntosh and Mr. *Livingstone is strong.* Mr. Livingstone remains a committed "no cuts of any sort" man and would see a key role for the GLC *in leading confrontation* politics with the Government.

He is also an enthusiast for the idea that the GLC and Inner London Education Authority might be better off by spending so much that they lost all Government grant.

This would at once make them wholly independent and enable them to blame the Government for the high rate rises which would be needed to offset the losses and, as he sees it, to maintain the services which they will have been elected to preserve.

He also warns that he will increase expenditure on all other services to prevent a loss of support by Labour voters by next *year's London borough* elections.

As the Left played a strong role in drawing up the mani*festo much of the change would* simply be its insistence that as much of it as possible was implemented as fast as possible.

The most significant change *will be in the Left's view* of how to decide future policy. All committees would have a Labour group and each constituency Labour party and trade union would be invited to send an "observer" to each full group meeting. There is a fear, within the Labour Party and without, that this could form the basis for mandating by unelected constituency parties on policy, as sometimes happens now on some Labour-controlled councils.

The potential for serious chaos and confrontation would be much more severe if the administration of the entire capital rather than individual boroughs decided to take on the Government.

The *GLC* is fought in 92 constituencies with identical boundaries to 92 parliamentary constituencies.

Although the average turnout for the GLC elections at around 35 per cent is well down on the general election, swings *measured against the parlia*mentary result have usually proved very reliable.

On this basis the Labour group would expect to hold all 29 seats it now has and gain others in the following way. It hopes to pick up all 13 seats where there is currently a Labour MP but a Tory GLC *member.*

A swing to Labour over the general election result of just 2 per cent will give Labour another five seats: including Paddington where Ken Livingstone is standing for the first time, having moved house from Camden to Westminster. This would give Labour 47 and the Conservatives 45; Labour looks on that count, as if it would divide into 24 Left wingers and 23 moderates.

If Labour won the next five seats in order of marginality, needing swings of between 2.7 and 4.5 per cent, the Left would score two and the moderates three, thus slightly improving Mr. Mcintosh's chances.

However, if he leads Labour to a bigger victory than that—52 seats and a majority of 12—the moderates will pay dearly. The next 11 seats, needing swings of between 4.7 per cent and 8.1 per cent would all fall to the Left with one exception, giving Mr. Livingstone certain victory. The one exception would be Streatham where the *moderate Labour member will* be trying to secure a swing of 7.2 per cent and combat the adverse effect of the Lambeth *rate revolt.*

In fact, of the batch of 11 seats needed for the big victory several look like hopeless prospects for Labour *anyway.* One —Uxbridge—has the only (known) Militant Tendency candidate, Jake Magee, looking for a 8.4 per cent swing in a constituency which Labour has never held. Several others have never been Labour before.

There is the added uncertainty caused by the Social Democratic Alliance which although nothing officially to do with the Social Democratic Party (SDP), is likely to attract a lot of centrist votes.

The Liberals are also high on optimism, spurred by their apparent growing strength in the east and consolidation in the west. They lost their only two GLC seats in 1977 but it is not inconceivable that they might hold the balance of power at County Hall if they could return with just that number.

So great are the uncertainties that both sides think they could lose. Sir Horace Cutler warned the Government early in March that the fight would be very, very difficult "so please do not drop any eggs." A week later the Budget was announced. "I hope the electorate has a very short memory," Sir Horace said gloomily.

But although it is virtually unknown for the party of government also to hold the GLC at the mid-term, Labour is really no happier. Behind all the heady talk of 60 seats there is anxious analysis of just how difficult some vital seats will be and concern about the image of the Labour Party in general.

An awful lot of counting seems to be being done at the moment on the fingers of one hand—whether it be the Left or the Right hand.

THE LONDON ISSUES

	CONSERVATIVE	LABOUR
HOUSING	Complete the transfer of council homes to the boroughs. Sell more council homes.	Build more new homes. Buy and convert houses. Oppose the sale of council houses, and refuse to process the transfer of GLC homes to boroughs.
TRANSPORT	Keep bus and tube fares steady for rest of 1981 (after *six rises totalling 111 per cent in four years*). *Extend* one-man bus and train operation. Improve financial control. Increase transport police force by 50 per cent. Consider one authority to run all London *passenger* transport.	Cut London Transport fares by 25 per cent and freeze *them for four years at a cost* of 47p on average rate bill by 1983-84. Buy as many buses as possible and expand number of bus lanes. Improve staff co-operation by giving the unions seats on Transport Executive.
EDUCATION	Fight for higher educational standards in schools under the (Labour controlled) Inner London Education Authority and support schools where education is provided in an orderly and *disciplined environment.*	Maintain high level of spending on education, restore the "wrong" cut of 4.2 per cent of 1980-81, improve under-fives provision and generally expand education *service.*
JOBS	Simplify and speed up planning procedures to stimulate private building. Help the jobless to move into expanding industries. Encourage new industries and business. Seek EEC funds for London projects.	Negotiate 35-hour-week for GLC and ILEA employees. Create Greater London Enterprise Agency. Provide training schemes for the unemployed. Spend £120m a year to create 10,000 new jobs in London each year at a cost of 30p a week to average ratepayer.
FINANCE	Keep GLC precept (rate) rises to within year on year inflation rises. Dispose of unnecessary assets and refuse to borrow large sums (having already paid off £146m of debt). Keep GLC staffing down (1977-81 reduction of more than !!5,000). 1977-81 rate increase: 44 per cent. Inflation rate increase: 54 per cent.	Stop disposal of GLC assets and stop spending on civil defence. Expand services and spending programmes, giving voters the services *they* want but also "value for money." Total cost of manifesto would add estimated £1 to the weekly rates bill by 1982-83 and by 1983-84 the extra £400m of planned annual spending would require an extra 20p in the £ rate.

MEN AND MATTERS

At this moment in time!

As if by some principle of industrial conservation, while Tiny Rowland's Sunday Standard was drawing its first breath over the weekend, Sir James Goldsmith's Now! magazine was pegging out after a nineteen-month battle to prove that the news doesn't have to be grey.

The news proved in fact to be writ largely in red, with Now! losses running at an annualised £2.5m after tax. The publishers, Cavenham Communications, record their "sorrow that the increasing number of loyal Now! readers must be deprived of the magazine which had become a part of their lives." Some 650,000 readers had accepted the weekly prosthesis, with recent sales of 125,000 up from a 119,000 average in the second half of last year.

"The editorial product was good, as good as I hoped it would be," said Goldsmith from *Paris* yesterday, "but clearly, the economic climate did not help. It is also a question of the read*ing habits of people in Britain.* We were attempting to change reading habits and clearly we have failed to do so to a suffi*cient degree.*"

"When Sir James says 'Now!' he really means it!"

Now!—the exclamation mark intervenes for typographical reasons—took an adventurous course in launching itself *full*-blown upon an unsuspecting world. A £2.5m publicity campaign trumpted the virtues of the glossy pages filled out with expensively-hired writing talent.

Indeed, Now!'s most enduring legacy may prove to be its influence on journalists' salaries. Despite the popular impression of Fleet Street reporters barely able to stagger home from El Vino's under the weight of salary and expenses money in their wallet, the going rate of £25,000 plus a Rover for a fairly senior Now! man represented a substantial step up. For the hand-picked stars, the money could be as much as £10,000 higher. For rank-and-file journalists, few newspapers would match the £15,000-plus paid by Cavenham.

What did Now! achieve? Like most people, it got more right-wing as it got older, offering opinions—Brian Crozier's piece "Pinochet's Better Points" stands out in the memory—of a cast rarely found elsewhere in the British Press. The choice and quality of its photographs were outstanding. But while proclaiming itself a news magazine, it had little aptitude *for the outstanding story.* Its major scoops—Nixon, the Shah—were monuments to yesterday's men rather than forays *into current* affairs.

Which reflected in turn, perhaps, the teething troubles of taking a shopping list round Fleet Street as if it were a cash-and-carry, to staff the venture. Inevitably, those hired did not immediately congeal into a single unit, and incessant lampooning in Private Eye, Goldsmith's long-standing antagonist, induced a particular self-consciousness about working for "Talbot!" Senior staff whose commitment remained untempered by cynicism were *mocked* as "*The Grown-Ups,*" by those in whose breasts the Brave New World optimism had faded.

War and peace

It is *doubtful* whether *anyone* has done more for Anglo-German friendship than Herbert Sulzbach who, at the age of 87, retires this week from the post of cultural officer at the West German embassy in London.

In his remarkable career, Sulzbach served as an officer in the Kaiser's army in World War I and was commissioned in the British Army in World War II. He has devoted his life since to promoting understanding between the two countries.

Born into a prominent liberal Jewish banking family in Frank*furt, Sulzbach volunteered for* the German army at the outbreak of the 1914-18 war and fought for four years on the *Western Front, winning* the Iron Cross. After the war he set up in business in Berlin but had to flee the Nazi regime in *1937. He risked his life to return* the following year to bring his wife and sister-in-law to London, not knowing that he was already on the *Gestapo death list* if Hitler had invaded Britain.

Sulzbach was interned in the Isle of Man in 1940 but later joined the Pioneer Corps and was given the task of instilling in German prisoners-of-war a new belief in liberal democracy. "Many of them had never known anything but Nazism," he says.

One of the first prisoners he remembers talking to is Gunter van Well, now an anglophile state secretary in the Bonn Foreign Ministry and shortly to represent Germany at the UN.

The urbane and kindly Sulzbach made his home in London after the war—and was soon recruited by the new Federal Republic to continue the work of promoting Anglo-German understanding. "It has been a slow, steady process," he says. "But relations today have improved beyond anything I imagined. When I started all *Germans were popularly* regarded as mass murderers."

Sulzback intends to stay on in his adopted city—and, in the shape of *his* memoirs, to contribute a little more yet to the cause he has pursued for 40 years.

Dona ferentis

Though no one could ever imagine that Margaret Thatcher's views might be swayed by the gift, say of a silver coffee pot, the Prime Minister will have to surrender some of the more lavish presents she received on her visit to India and the Arab states.

*Like all Government Minis*ters, she is bound by rules that require any gifts worth more than £50-£60 to be handed over *for safe keeping to their depart*ments.

Senior civil servants have taken even greater care to en*sure that their political masters* are seen to be beyond reproach in this respect since the Poulson affair.

Qatar's Order of Merit, a solid gold choker awarded to the Prime Minister by Sheik Khalifa, will thus become a treasured possession of 10, Downing Street, rather than a Thatcher family heirloom. And Mrs. Thatcher seems unlikely to get the chance of wearing King Khaled's pearl necklace once she leaves office.

The jewelled desk set from Abu Dhabi may also be preserved for future Prime Ministers. And recalling the fuss over the late Tony Crosland's innocent acceptance of a coffee pot, Oman's silver utensil will be carefully handled.

Mrs. Thatcher's personal mementos may in the end be restricted to a book on the birds of Oman, the works of Ghandi, and the richly embroidered sari given her by the Indian leader.

Observer

FINANCIAL TIMES SURVEY

Tuesday April 28 1981

Malaysia

The aims of Malaysia's latest Five-Year Plan are mainly threefold: a doubling of the security forces, diversification of the economic base into heavy industry and the advancement of the politically sensitive issue of greater control for the Malays. At a time when its abundant natural resources make it one of the richest developing nations, the success of the Plan is crucial if Malaysia is to move higher up the development scale.

CONTENTS

The Silat, an ancient Malay art of self-defence, calls for gracefully disciplined movement and inner power.

Facing up to the challenges brought by prosperity

SOME TIME before he became Malaysia's deputy premier the man who will almost certainly become the country's next Prime Minister wrote a book entitled The Malay Dilemma.

It is a cogent, frequently strident account of the handicaps of the Malay in his own country. It is also a didactic work of some force, arguing for positive discrimination in favour of the Malay in his struggle for economic parity and eventual supremacy with Malaysia's other major race—the Chinese.

The book is now banned in Malaysia while much of what its author, Dr. Mahathir Mohammed, argued for has passed into written or unwritten law in this complex, volatile and wealthy former British colony in South-East Asia.

The book was a response to the race riots of 1969 which are still fresh in the mind. Malaysia remains a country dominated by the politics of race. Understandably, perhaps, a work which exposes this raw nerve is fair game for the censor however illustrious its author.

True the book is brutally frank in places. It lays bare the profound insecurities which gnaw at the Malay, and his lingering distrust of a rival Chinese community whose flair and ruthless enterprise are portrayed as venal and predatory.

It is also likely that Dr. Mahathir's views have mellowed. The gravitas of high office has polished his rougher edges and he may regard the work as a slip of the pen best forgotten as he reaches for the pinnacle of power.

Certainly Malaysia has made a remarkable recovery since the bloodletting of May 13, 1969. Then, the pent-up frustrations of economically backward Malays collided with the fears of a Chinese community which saw its privileged economic position steadily eroded by Malay nationalism.

Cushioned by an abundance of raw materials—tin, rubber, palm oil, timber and more recently oil and gas—Malaysia has soared to the top echelon of developing nations. Its people enjoy one of the highest per capita incomes in Asia, a guided democracy of sorts and a degree of political stability uncommon in that part of the world.

The country is brimming with foreign investment and, for all the instability and uncertainty created by the conflict in Indo-china, Malaysia manages to convey an air of effortless tranquility.

Arriving at Kuala Lumpur from Bangkok or Singapore is like moving from a commuter station at rush hour to a country health farm. Under such seemingly auspicious circumstances talk of race is regarded as churlish, even seditious.

And yet race is everywhere. It intrudes into virtually every aspect of daily life. It is the bulwark of the Government's economic policy which seeks to force the pace of advancement of the Malays.

It is all over the streets where the explosion of Chinese shop fronts signals the battle for economic supremacy. It underlies many decisions taken by the multinationals who have to conform with a schedule for the transfer of 30 per cent of the country's corporate sector to the Malays by 1990 and get their Malay employment quotas up. It dominates births, marriage, friendships, political alliances, and commercial life.

It would be quite wrong to give the impression that Malaysia is a country seething with racial ferment; equally it would be a mistake to view the country's problems merely through the perspective of race. In the long-term the necessity of reconciling the needs of the haves and have-nots may pose even greater challenges.

But the immediate problem facing the next generation of Malaysian leaders — the problem posed by The Malay Dilemma — is the need to reconcile the rising aspirations of a traditionally backward Malay population which wants a bigger and bigger share of the cake, with the anxieties of a powerful Chinese community which could—if it wished—trigger a flight of capital from the Malaysian economy virtually overnight with disastrous consequences.

The parallel challenge is to see to it that the accumulating wealth of the Malays, held in trust by the Government, trickles down to the vast majority of the population which is rural and will have to be spoon-fed for years before it can compete on anything like an equal footing with the other races.

The immediate problem facing the next generation of Malaysian leaders . . . is the need to reconcile the rising aspirations of a traditionally backward Malay population which wants a bigger and bigger share of the cake, with the anxieties of a powerful Chinese community . . .

Datuk Hussein Onn, the present Prime Minister who is rumoured to want to step down within a year because of ill-health, Dr. Mahathir and the small cabal of top politicians who run the country are not unaware of the problems.

In the ten years since the riots of May 1969 they have maintained stability through a combination of sound economic management, and annual growth rates of around 8 per cent. Moderate leadership has managed to keep hardliners in check.

But there is a gulf between their own perception as a privileged class which has learned to cross the racial divide easily enough and the majority of the population for whom life is more of a struggle and where divisions, either racial or economic, are more acutely felt.

The argument that most Malays are simple folk who live in kampongs (villages) content to fish and barter their lives away is likely to wear pretty thin faced with the two extremes of militant Islam, on the one hand, and the beckoning lure of television commercials on the other.

Malaysia's indigenous Malays are overwhelmingly muslim. There are signs that advocates of fundamentalist Islam have been gaining ground, particularly among the young who find the corruption of some officials, the opulent life-style of the country's aristocracy and the fringe benefits of economic growth distasteful.

There is no Khomeini waiting in the wings. The immediate risk of the mosque acting as a focus of discontent is slight. But, in the long run, the danger is there, as many officials readily concede.

The next few years will prove crucial in determining whether Malaysia can successfully take the next step up the development ladder.

The fourth Five Year Plan, a statement of the Government's political and economic objectives, is an important factor in this process.

The plan has three main pillars. The first is a rapid acceleration of the Bumiputra take-over of the economy. A Bumiputra is a native Malay or "son of the soil" and, as he sees it, the only true custodian of Malaysia. Despite the fact that there seems no prospect of achieving existing targets either for the take-over of 30 per cent of the corporate sector or for the filling of the employment quotas for Malays, demands for an even faster take-over by the Bumiputra are growing at the grass-roots.

The second is diversification of the economy from its traditional primary base to manufacturing and heavy industry to guard against the fluctuations of world economic demand.

The third pillar of the plan is a massive boost in defence spending. This includes a doubing or possibly tripling of current expenditure, a doubling of the armed forces and the building of several major new bases around the country.

The increase in defence spending is not easily explained. Arguments that an army of 160,000 as opposed to one of 80,000 would be better equipped to deal with either a Vietnamese or a Chinese invasion are unconvincing since, as one observer put it, if either wanted to "roll Malaysia off the map" it could do so within three days.

It is always possible that a major clash between China and Vietnam over Kampuchea could spread into Thailand and then spill over into Malaysia, in which case a reinforced and better equipped army would certainly help.

But Malaysia is also doubling its police, a paramilitary force with considerable political clout. At the same time draconian new laws have been passed to tighten further the Government's already vice-like grip over dissent in the country.

The latest legislation gives the Government sweeping new powers to ban political organisations and the country's constitutional monarch to declare a state of emergency almost at will and make new laws without being subject to challenge in the courts.

The Government hardly needs them. It is well entrenched, the communist threat of the 1960s has faded to virtual insignificance and the prospect of racial strife is minimal.

The last 10 years have been good to Malaysia. A combination of luck and good judgment have seen it through. The next 10 may be equally good but it is hard to escape the feeling that Malaysia's leaders are troubled by the vision of an uncertain, possibly turbulent, future and that, for reasons which are not easily pinned down but which stem from a vague sense of insecurity, they are battening down the hatches.

Alain Cass

Women workers producing semi-conductors in one of over 160 Malaysian electronics factories. The electronics industry in Malaysia has grown rapidly over the past 10 years to a position where it is now the world's largest offshore base for the manufacture of semi-conductors for U.S. companies, such as Motorola and National Semi-Conductor.

BASIC STATISTICS

Area	330,000 sq km
Population	14.2m
Malays	53%
Chinese	35%
Indians and others	12%
GDP:	Ringgit 44,345m (US$20,264m)
Per capita:	Ringgit 3,334 (US$1,524)
TRADE (1979)	
Exports	US$11,007m
Imports	US$7,588m
Exports to UK (1980)	£187.05m
Imports from UK (1980)	£223.52m
Currency: £ = Ringgit (Malaysian Dollar M$)	5.0075
Foreign Exchange Reserves:	US$4,327m (Nov. 1980)

Member of the Association of South-East Asian Nations (ASEAN)

Shift in emphasis uses energy to attract heavy industry

ECONOMY

ALAIN CASS

MALAYSIA'S ECONOMIC history is writ large across its landscape; as you fly across it millions upon millions of trees trace its contours from one end of the country to the other. Rubber trees, palm trees and tropical hardwood are lush reminders that Malaysia is a creation of colonial economic convenience.

Malaysia remains the world's dominant force in rubber and palm oil and is a major exporter of hardwood. Along with tin, these primary commodities provide two thirds of the population with their livelihood and the exchequer with half its export revenue.

In some ways it is a comfortable position to be in. With enormous reserves to draw on the Malaysian plantation is likely to remain the backbone of the economy. But it is also a position which is exposed to the chill winds of world economic recession. Corporate revenues and individual living standards have been hit. Weaker demand in the traditional markets for Malaysia's commodities and a growing sense of urgency over the need to improve living standards at a time of rapidly rising expectations within the country have provided the impetus for an important change in direction.

If the high growth rates of the past decade—averaging around 8 per cent a year—are to be maintained then the excessive reliance on the country's resource base needs to be diminished. Political stability and economic good health are intimately related in Malaysia. Rapid economic expansion is a vital shield against external as well as internal instability which the country cannot afford to drop.

The key to the desired shift in economic emphasis over the next decade is the recent discovery of Malaysia's most precious resource: oil and gas. Crude oil has already outstripped rubber as Malaysia's single biggest export. The drop in revenue from traditional earners has forced an unwelcome re-assessment of Malaysia's policy of oil depletion. Production will be increased from the present level of 280,000 barrels a day to over 360,000 by 1985.

Although the revenue from oil has made a major difference to the country's exports the aim is not to sell it abroad but to use it, along with the country's vast reserves of natural gas (estimated at between 30-35 trillion cu ft) to attract a petrochemical industry and, in its wake, ancilliary heavy industries. The lure of cheap energy and a benign investment climate, the planners hope, will be sufficient bait.

Under the Fourth Five-Year Plan, huge sums are set aside for the development of manufacturing and heavy industry. Senior officials have been concerned for some time that Malaysia has only been able to attract so far what one minister described as "footloose industries out for a quick buck." These, they fear, could vanish overnight.

At the same time they want to build an economic base which will use the country's natural resources as a foundation on which to build further. The decision to build a major liquefied natural gas plant at Bintulu, in Sarawak, committing 6m tonnes of LNG for export to Japan is already being mildly regretted. Future development of oil and gas will be to fuel home-grown industries.

On the face of it the decision to go for aluminium plants, steel roling mills, sponge iron plants, shiprepair yards and major petrochemical units makes little sense. Some observers have been irreverent enough to describe the move to diversify this strongly and this early as "madness." Said one: "There will be no markets, the costs will be prohibitive, foreign borrowing will soar, it will breed corruption and all they'll end up with is a herd of white elephants. How can you justify shiprepair yards with Singapore down the road? Who will invest in steel these days? Who will they sell their aluminium to and at what price?"

Against these arguments, some of which echo disagreements within the cabinet, the architects of the Fourth Plan argue that Malaysia cannot afford not to diversify. They point to the fact that Malaysia still processes less than 3 per cent of its rubber; it processes even less of its timber. Building a manufacturing base will, they insist, increase added value, create jobs, protect the economy against the fluctuation of world commodity prices and use energy productively.

The country has one of the lowest debt service ratios in the world—around 4 per cent. "Look at Taiwan and Korea," said one senior official, "they've done well and incurred huge debts. We could increase our debt service ratio to 10-15 per cent and still have slack in hand."

The clinching argument, however, is that enforced diversification away from agriculture is the only reasonably sure way to break the poverty trap.

The past 10 years have seen major advances particularly for the Bumiputra (native Malay) under the New Economic Policy. Their control of the corporate sector has trebled, the number of Bumiputras at university has increased by nearly 500 per cent, their earnings have risen faster than any other racial group and their unemployment rate has fallen.

High growth rates and strong demand for Malaysia's commodities have cut the numbers living below the poverty line from 50 per cent in 1970 to less than 30 per cent last year. But poverty remains a real problem particularly for the Malays . . . giving the new policy a strong political impetus.

The need for change is all the more pressing since the agricultural sector is suffering from serious under-employment and is having to rely on at least 90,000—possibly many more—illegal immigrants who could eventually pose a serious problem.

The diversification of the economy is being undertaken in tandem with a boost to the policy of acquiring 30 per cent of the corporate sector for the Malays under the New Economic Policy. The twin effects of this strategy, it is hoped, will be to reduce and eventually eliminate a situation in which the Malay is a second-class economic citizen.

The Fourth Plan, somewhat optimistically, expects over 72 per cent of new investment during the next five years to come from the private sector. Actual private investment is targeted at Ringgit 74bn. This assumes an increase of 8 per cent per annum in real terms.

Critics of the Plan argue that this is unrealistic. Foreign investment is still flowing in and the Chinese community remains enormously wealthy and eager to expand. However the New Economic Policy makes it virtually impossible for non-Malays to expand or start up new ventures without giving a substantial portion of it to the Malays.

Demands for even greater control by Malays are bound to grow. The trickle of private (largely Chinese) capital flowing out of the country in recent years is already growing though the rate cannot be quantified. The rising tide of Malay nationalism could quickly stifle private investment growth, unless carefully handled.

Major efforts are to be made to tailor fiscal and monetary policies to attract capital. The Government is pinning high hopes on the inflow of foreign private capital.

The continued expansion of foreign trade and the growth in foreign investment will continue to push up the deficit on the services account of the balance of payments, while the surplus on the merchandise account—boosted by healthy export earnings and a low level of imports in recent years—will grow.

Inevitably, inflation will present a major challenge as the economy sucks in imports and domestic inflationary pressures push prices up. The official figure of 6 to 7 per cent inflation is to be taken with a pinch of salt, partly because many items are heavily subsidised and partly because the basket on which the index is based is unrealistic and largely rural. Most economists agree that the true figure is nearer 10-12 per cent and is bound to rise.

In the long run, the success or failure of Malaysia's attempts to join the ranks of developed nations will depend not on economic management—this has proved sound enough—nor on the availability of resources but on the kind of leadership able to reconcile political ambition with economic growth.

GDP BY SECTOR OF ORIGIN, 1980-85

(Ringgit million in 1970 prices)

Sector	1980	Share of GDP (%)	1985	Share of GDP (%)	Average annual growth rate (%) 1981-85
Agriculture, forestry and fishing	5,809	22.2	6,729	17.8	3.0
Mining and quarrying	1,214	4.6	1,607	4.3	5.8
Manufacturing	5,374	20.5	9,040	23.9	11.0
Construction	1,186	4.5	1,824	4.8	9.0
Electricity, gas and water	592	2.3	953	2.5	10.0
Transport, storage and communications	1,696	6.5	2,492	6.6	8.0
Wholesale and retail trade, hotels and restaurants	3,295	12.5	4,841	12.8	8.0
Finance, insurance, real estate and business services	2,155	8.2	3,079	8.1	7.4
Government services	3,398	13.0	5,228	13.8	9.0
Other services	657	2.5	948	2.5	7.6
Less: imputed bank service charge					
Plus: import duties			1,092	—	—
Equals: Gross Domestic product at purchasers' value	26,188	—	37,824	—	7.8

Source: Fourth Malaysia Plan.

هكذا من الأصل

Prime Minister's resignation would mark the end of an era

POLITICS

KEVIN RAFFERTY

MALAY POLITICIANS in Malaysia are beginning to get ready for July's party elections which are likely to decide who will be the country's Prime Ministers for the next 20 or even 30 years. Lobbying and electioneering are in full swing, to make sure that the votes will be safely harvested come the meeting of the ruling United Malays National Organisation (UMNO).

To the outsider looking in on the apparently unshakeable dominance of the Malays the fuss may not seem warranted. After all, UMNO elects its office bearers, including the key posts of President, Deputy President and three Vice-Presidents, every three years as a matter of routine while its control over the political structure of the country is vice-like. What makes this year's gathering more important is the expectation that the era of Prime Minister Datuk Hussein Onn will end imminently. Though he is not yet 60, Datuk Hussein's health has been regarded as fragile ever since he took over as Prime Minister. When he went to London earlier this year for a heart by-pass operation all the cabinet gathered on the tarmac to see him off and tears were shed as if it might be the last farewell.

Datuk Hussein has made a good recovery, but as one family friend put it: "he sees himself as pressed by his wife and by Allah that he has done enough, so the main question in his mind is when can he step down and best ensure a smooth changeover?"

The Prime Minister is a slow and painstaking worker and is probably still weighing the decision in his mind. A few colleagues think that he may decide that the most honourable course is to resign before the UMNO assembly to let the delegates have a free choice. However a majority of pundits believe that Datuk Hussein will see the assembly safely through to strengthen the position of his Deputy, Dr. Mahathir Mohamad and will then resign in favour of Dr. Mahathir who automatically moves up to the top job leaving the new Prime Minister plenty of time to prepare for the general election in two years' time. Not everyone agrees that this would be the best course. Some respected political figures think that Datuk Hussein should not hand over until after he has won the next general election.

The virtual inevitability of Dr. Mahathir being the next Prime Minister does not detract from the momentous nature of the change. The wand of power is being passed on to a new generation with different ideas: in a delicately balanced multi-racial society like Malaysia this offers opportunities and dangers.

Hussein Onn is the last leader of the generation which saw Malaysia safely to independence from Britain. He is specially revered by all races because his father, Onn Bin Jaafar, a man of almost equal political standing with Tengku Abdul Rahman, Malaysia's first Prime Minister, was prepared to break with the tradition of race politics and tried to set up a multi-racial party. The attempt failed and Dato Onn died in the political wilderness.

Datuk Hussein Onn is possibly the shyest and most private political leader in the world. He hardly ever gives Press interviews: he is not swayed by the backslapping of colleagues or the applause of the crowd or the rhetoric of his own speeches as are many modern politicians. Other ministers say that he *agonises over decisions*: at one stage he was working so slowly that officials ran out of the red bags in which state papers were carried to his room.

Dr. Mahathir is a more obviously modern leader, alive to the international aspirations of a developing country, responsive to demands for harnessing the riches of the country for the benefit of the majority of the people. He is also feared because he has shown himself to be an emotional man, quickly carried away by the moment. The most infamous occasion happened when boatloads of refugees from Vietnam were piling up on Malaysia's beaches: He declared that they should be discouraged by "shooing" them away. Reporters who heard him thought that he had said "shooting".

More worrying perhaps is the reputation that Dr. Mahathir has as a Malay hard-liner. His book, *The Malay Dilemma*, in which he argues the case for enforced economic and social discrimination in favour of Malays, is still banned in his own country. Tunku Abdul Rahman refused to allow it in because of its highly charged analysis of the problems facing the Malays who are the largest group among the population of 13m.

Though the reliability of the statistics has been questioned, Malays and other ethnic groups form about 53 per cent, the Chinese 35 per cent and Indians about 10 per cent. Malays on their own would not quite constitute half of the population.

Supporters of the Deputy Prime Minister say with justice that he has grown into the job. He is still prone to react more quickly than he thinks and to come out with an explosive comment, but Dr. Mahathir appears to have mellowed. His experiences as Minister for Trade and Industry have tempered his views to an appreciation of Malaysia's need for foreign investment and expertise and for continuing to encourage the Chinese business community.

Indeed some close friends say that Dr. Mahathir may be better able to bring the races together even than Datuk Hussein. The Prime Minister still carries the scars of the failure of his father's attempts to found a multi-racial party and this has made him cautious in all matters racial. Dr. Mahathir, having started from a Malay position, appears more willing actively to blend the advancement of the Malays with racial harmony.

A question of equal importance is who will succeed Dr. Mahathir as Deputy Prime Minister and later as Prime Minister? That too may well be settled at the July UMNO assembly. Technically the new Prime Minister can choose whoever he wants as his deputy. But by tradition he has chosen from one of the three Vice-Presidents.

There are two leading candidates and several ambitious contenders. The leaders are Tengku Razaleigh Hamzah, the Finance Minister, and Datuk Musa Hitam, the Minister of Education. Both men are in their early forties. In spite of superficial bonhomie—they can often be seen chatting side by side on the parliamentary benches—there is bitter rivalry between them.

The struggle is the more fascinating because of the contrasts between the men and their methods. Tengku Razaleigh comes from the Royal Household of Kelantan State (Tenku means Prince), but he has risen meteorically to the top through modern business and banking, winning for himself a reputation as a whizzkid and the title of "Father of the Bumiputra economy."

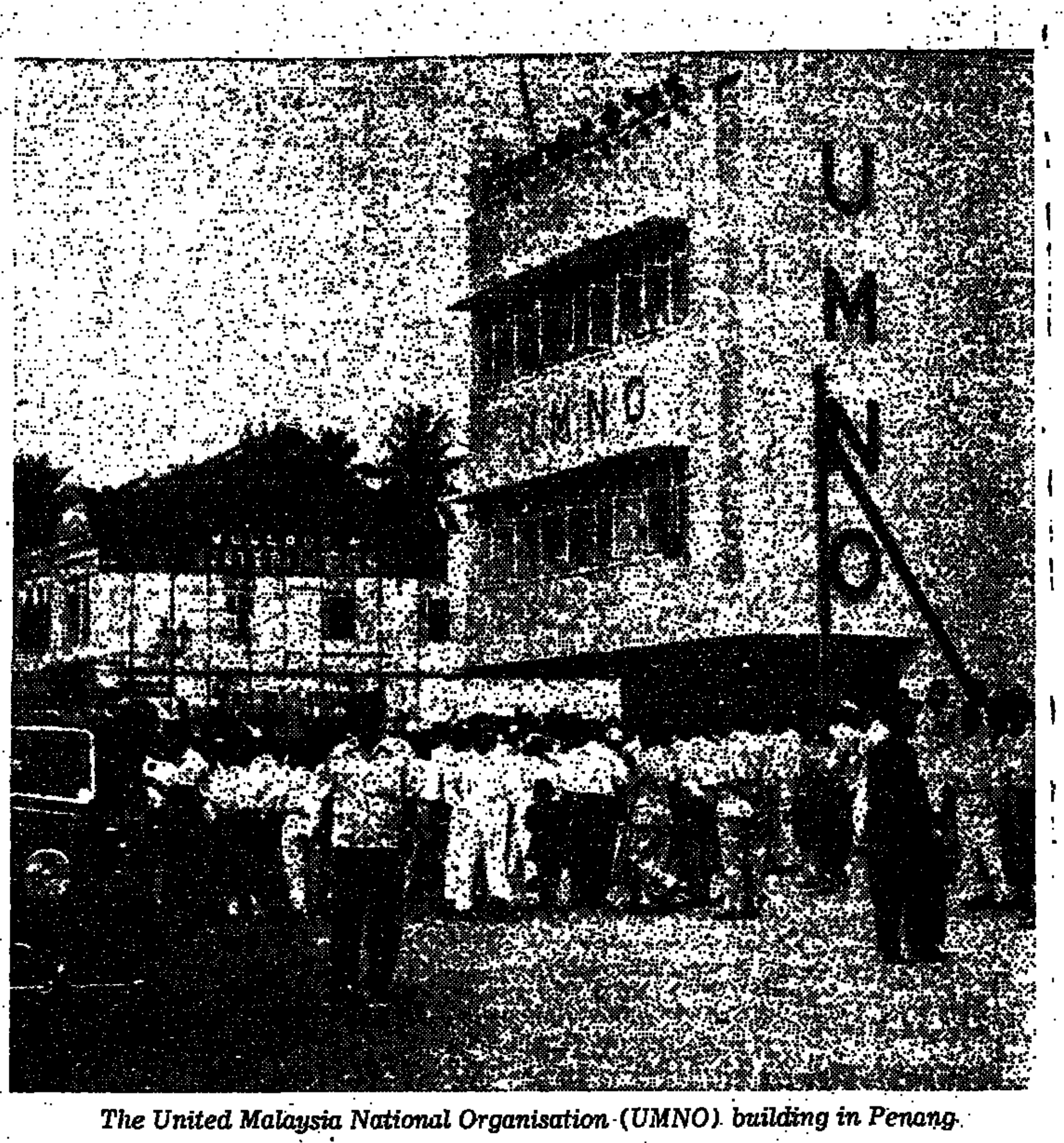
As a minister his guiding hand could be seen in the "bringing home" to Malaysia of the largest tin mining company in the world and in board room battles to see that the Sime Darby conglomerate grew from its Malaysian plantation roots and not as a creature of its, then largely expatriate, directors. Lately he has been cultivating ties with Chinese businessmen. Tengku Razaleigh also had a reputation as a headstrong man—he once suggested that Malaysia should collect tolls on ships entering the Straits of Malacca. He cultivates a dashing figure but is anxious to get his own way, and quickly, in brisk businesslike traditions.

Datuk Musa has more claim to be a son of the soil. He comes from a large poor family of 10 children in Johore State, but he has worked his way up by the traditional political methods of joining the party, becoming an officials, a member of parliament, a junior minister and then finally a cabinet minister. For a while he was a university teacher and for a time he had a spell in virtual exile while he did a Masters degree from Sussex University.

The Portfolio which Datuk Musa holds has been the traditional stepping stone to the premiership because of the central political importance of education. It was a job held by Dr. Mahathir, Datuk Hussein and Tun Razak before him and important because school teachers and headmasters have been the pillars of UMNO.

Today, however, the influence of the sober, hard-working teachers and heads in UMNO is also under threat from the new men and the new money, the bankers and businessmen who are growing up with the economy. The amount of new money around and the fact that Tengku Razaleigh has made the Finance Ministry a more political post — it was a job previously done by the Chinese leader Tun Tan Siew Sin—has added to the jealousies and to claims of the evil influence of money.

The third UMNO vice-presidential seat is held by Ghaffar Baba who gave up the job of Agriculture Minister to become part secretary general. He has strong support in UMNO but has never been waning since his failure to gain a majority of Dunlop shares through Goodyield Holdings. Another powerful minister, Tan Sri Ghazali Shafie, the Home Minister, is also hoping that in July UMNO will recognise his experience and talents with its votes.



The United Malaysia National Organisation (UMNO) building in Penang.

System modelled on Westminster

The Malaysian political system is modelled on Westminster's parliamentary system.

The Malaysian King is a constitutional monarch, and he is elected once every five years by the country's nine sultans. The Malaysian Parliament comprises two houses: the 154-member Lower House, the Dewan Rakyat, and the 68-member Senate, the Dewan Negara. Members of the Dewan Rakyat are elected at a general election which must be held every five years, while those in the Senate are appointed by the King to represent the states and various interest groups.

The Government is drawn from a broad multiracial coalition called the National Front — a coalition of 11 parties, dominated by the United Malays National Organisation (UMNO). The Front controls 136 out of the 154 seats in the Lower House, giving it the required two-thirds majority to make any constitutional amendments. The Front used this power recently to push through an amendment giving it unlimited powers to declare a state of emergency whenever it feels the situation warrants it.


Prime Minister Datuk Hussein Onn

The Front parties are UMNO, the Malaysian Chinese Association (MCA), the Malaysian Indian Congress (MIC), these three representing the three major races in West Malaysia. Gerakan, Berjasa and the People's Progressive Party are the smaller West Malaysian parties. The East Malaysian partners are led by Party Bumiputra in Sarawak, and Berjaya in Sabah, and includes the Sarawak National Party, the Sarawak United People's Party, and the United Sabah National Organsation. Most of the Front parties are communally based and, apart from seeking the best deal for the races they represent, have no particular ideology.

UMNO has 69 seats in Parliament, and controls all the important portfolios. The MCA has 18 parliamentary seats and four cabinet posts; the other parties have one or two ministers each, while those without cabinet representation are given Senate posts.

The opposition parties are the Chinese-based Democratic Action Party (13 parliament seats) and the Party Islam (five). The Left-wing Malay party, Rakyat, has no parliamentary representation, while the Malaysian Communist Party is banned and has been fighting with the authorities since 1948.

Wong Sulong

Politics plays its part

FOURTH MALAYSIA PLAN

WONG SULONG

THE FOURTH Five-year Malaysia Plan is the latest Malaysia has launched. The first began in 1966, three years after the East Malaysian States of Sabah and Sarawak joined the mainland Federation.

Unlike such economic development plans in many other developing countries, which are inclined to be grandiose paper dreams, the Malaysian Plans are, by and large, realistic. Although parts of this one may appear optimistic or to gloss over certain sensitive issues, Government leaders and the influential bureaucracy follow the main objectives of the plan.

Because of the delicate and potentially explosive racial mix of the population, the Plan is as much the Government's political as economic manifesto for the next five years.

Below are thumb-nail sketches of the main points in the Fourth Plan.

Defence: This will take up nearly a quarter of the ringgit 42bn allocated for public development expenditure under the Plan. The nation's armed forces, including its para-military police, are to be doubled to over 250,000 by 1985. New weapons will include U.S.-made Skyhawk fighters, attack helicopters, long-range reconnaissance planes, fast missile patrol boats and tanks. A Ringgit 1bn naval headquarters is to be built at Lumut on the Malacca Straits, while a Ringgit 2bn major air base will be constructed at Gong Kedak in Kelantan, facing Vietnam. Smaller bases are also to be built around the country.

Heavy Industry and Petrochemicals: The foundations of a heavy industry and petrochemical sector are to be laid during the Plan period. The nation's considerable reserves of oil and natural gas, and relatively cheap energy prices, are to be used to attract such industries, which would be built on a partnership of foreign technology and Government funds. Petronas, the national oil corporation, would undertake the oil projects, while a Government heavy industry corporation would participate in the non-oil ventures such as steel mills, sponge iron plants, an aluminium reduction plant and cement factories. Apart from the current U.S.$ 1.2bn LNG project at Bintulu, Petronas would undertake to build a urea factory and two oil refineries under the plan.

The Private Sector: The plan assigns private sector investment as the main catalyst for national growth. Private investment is projected at Ringgit 72bn (U.S.$32bn), which implies an annual real growth of 11 per cent. Part of this investment will be Government funds, channelled by its agencies in private sector activities.

Foreign private investment is estimated at Ringgit 9.4bn compared with 6.9bn under the Third Plan. Most of this foreign capital would go towards oil-related projects, heavy industries, and manufacturing. Domestic Malaysian private investments (mainly from the Chinese community) is expected to go largely into construction and small-scale manufacturing.

Economic Diversification: Since independence in 1957 Malaysia has moved from a two-commodity (rubber and tin) economy to one more broadly based. This diversification will continue under the Plan, with the economy moving away from the traditional agricultural base.

Agriculture, which accounted for 31 per cent of Gross Domestic Product in 1970, had fallen to 22 per cent by 1980, and is expected to decline further to 17.8 per cent by 1985.

The most rapidly expanding sector has been manufacturing. It accounted for only 13 per cent of Gross Domestic Product (GDP) in 1970, but grew to 20.5 per cent by 1980, and is projected to expand to 24 per cent by 1985. By then it would be the biggest element in GDP.

Racial Employment: One of the main aims of the "restructuring of society" is to eradicate the identification of race with occupation. Historically the Malays have been small farmers, fishermen and civil servants, the Chinese the businessmen and petty traders, while the Indians are estate labourers and road builders.

This job-type casting, the authorities feel, is a barrier to integration and a cause of racial distrust.

Government policy on private sector employment is that it should reflect what it calls "the racial composition of the country." However, the civil service and the armed forces are overwhelmingly Malay.

The Plan envisages creation of S60,000 new jobs so that the current unemployment rate would fall from 5.3 to 4.9 per cent. A third of the new jobs is expected to come from manufacturing, with only 8 per cent from the agricultural sector.

Bumiputra Advancement: A sum of Ringgit 4.5bn (U.S.$2.2bn) is allocated specifically for this, with a third going to the National Equity Corporation, the main vehicle in acquiring and redistributing corporate wealth to the Malays.

At the same time large sums are to be given to agencies responsible for educational and economic advancement of the Malays, such as MARA (Council of Trust for Indigenous People), the Urban Development Authority, Rubber Smallholders' Authority, Federal land agencies and State economic agencies.

State Funds and Regional Development: The less developed States such as Kedah, Perlis, Kelantan and Trengganu, where the Malays predominate, and the East Malaysian State of Sabah and Sarawak are to get a disproportionately larger volume of funds compared with their population.

Interestingly enough, Kelantan, which has 15 per cent less people than Penang, gets Ringgit 2.8bn for development, or 2.3 times more than the latter State, which is largely Chinese-populated.

In addition the less developed States will get more of the "multi-State" projects. Kelantan will get a Ringgit 2bn military air base, while Malacca will get a Ringgit 1bn oil refinery.

Large agricultural land schemes are also to be opened up in Kelantan, Trengganu, Johore and Pahang, and most of the settlers on these schemes would be Malays, although the authorities have promised to allow more non-Malays to join in.

Education: Malay, as the national language, is less of a political and emotional issue than it used to be. But because of the limited places at the five local universities, and racial quotas favouring the Malays, university admission will remain a contentious issue.

Last year there were some than 20,000 Malaysians taking degree courses overseas, and the numbers are expected to rise dramatically, particularly in the U.S. and Canada, where fees are less prohibitive than those in the UK.

Government policy is to get more Malays to become doctors, accountants, engineers and lawyers, to redress their heavy under-representation in these professional areas.

***Housing* and Construction:** This is expected to be one of the most dynamic sectors in the next five years. The target is to build over 900,000 homes under the Plan, 57 per cent by the private and the rest by the public sector. The Plan acknowledges the target is ambitious and building houses within the means of the general population will be increasingly difficult, given the escalation of costs.

A newly established highway authority will undertake major road projects, including the Ringgit 2.3bn new west coast highways, and the $800m Penang Bridge.

Roles reversed for oil palm and rubber

COMMODITIES

WONG SULONG

MALAYSIA'S EXPORT commodities — rubber, palm oil, timber and tin—are facing a difficult time. Revenue is down considerably partly due to slackening output, but more because of the weak prices arising from the recession among the industrialised nations. The effects are beginning to show. Plantation and tin companies have reported a sharp reduction in earnings, while the spending power of Malaysia's rural population is being curtailed.

Despite the growing importance of oil and gas, the primary commodities remain the pillars of Malaysia's economy. The country is the world's leading exporter of rubber, palm oil, and tin, and a very substantial exporter of tropical hardwoods. Three out of every five Malaysians is dependent for a living on these four commodities, and they account for over Ringgit 14bn or 50 per cent of the total export revenue for last year.

Over the past two years, Malaysian planters have given serious thought to the future of these four products. The ideas that emerged recently will have a significant effect on the orientation of these commodities over the next decade.

First, there is the long-standing question of the respective roles of rubber and oil palm. During the 1960s and 70s there was a massive shift away from rubber by the plantations. More than 600,000 acres of rubber land were converted to oil palm and government land agencies devoted two thirds of their acreage to palm oil.

Now, however, the thinking is reversed. The official reckoning is that rubber will have a better future than palm oil over the next two decades as the persistent rises in oil prices will inexorably erode the competitiveness of synthetic goods.

Malaysia has been so successful in growing oil palm that the country now accounts for 60 per cent of the world trade in this product. By 1985, exports could reach 3.6m tonnes and finding markets for such massive amounts will present a continuing problem. In addition, Brazil and Indonesia, both competitors endowed with vast chunks of virgin land, are planning enormous oil palm schemes—not to mention other producers such as Thailand, the Philippines and some African countries.

Changing gears is not going to be easy for Malaysia. Under present conditions, it is still far more profitable to grow oil palm than rubber. According to Datuk Paul Leong, Minister of Primary Industries, statistics during the past five years show that the average return on rubber per hectare range from Ringgit 600 to Ringgit 1,000, while return on oil palm per hectare is anything between Ringgit 1,300 and Ringgit 2,500.

Through fiscal and monetary measures the Government has moved to narrow this earning differential but the gap is still too wide. Nevertheless, government land agencies are placing more emphasis on rubber (and cocoa) while private plantations, whose acreages are up for replanting, are having a second look at it.

Despite the recent launching of the Government's rubber production policy, there will be no significant increase in rubber output from Malaysia in the coming years. As it takes six years for a rubber tree to yield, and the yield in the early years is not high, the results of the "dynamic production" policy will only be felt in the 1990s. Rubber exports between 1981-1985 are expected to be flat, hovering between 1.6m and 1.65m tonnes annually. With global consumption of natural rubber expected to grow by around 4 to 5 per cent each year, the price prospects for natural rubber are good.

Important policies are also being implemented which affect the timber industry. The often-repeated warnings that Malaysia is cutting down its forests far too rapidly and is not getting the full benefit from its timber are finally sinking in.

In West Malaysia more than 900,000 acres of forests are felled annually. This is three times the optimum rate and if maintained would mean that the forests would be wiped out within 15 years.

West Malaysian States are slowly beginning to reduce this rate and the Federal Government is vigorously pushing for the establishment of a 12.8m-acre permanent forest estate, to be planted with fast growing trees so that the country can enjoy a reliable supply of timber. In East Malaysia, where the need to reduce the rate of trees felled is not so urgent because there is still extensive forest land, the policy is to reduce log exports and encourage domestic processing.

Malaysia's tin mining industry, once the preserve of foreign companies and Malaysian Chinese, is being radically restructured and the end result will leave the industry firmly in the control of the Malays.

The current international picture for tin is rather gloomy. For several months now, prices have been down to the middle range of the international tin agreement, compared with last year when the price seldom fell below the ceiling level and the decision by the U.S. to sell 30,000 tonnes of tin from its strategic stockpile acts as an "overhang" against any upward movement of price.

In the long term, however, the fate of the international tin agreement is of much greater importance. The Reagan Administration re-think over international commodity pacts, and U.S. tardiness in coming to a compromise with tin producers could well result in the failure to secure the Sixth International Tin Agreement.

The present agreement, already extended by a year expires in June next year. The tin agreement, considered to be the "father" of international commodity pacts, has worked successfully for 25 years and Malaysia, as the world's biggest tin producer and major supporter of the pact, is lobbying hard to save the agreement — with or without U.S. participation. Malaysia feels the pact has served both producers and consumers well, and its demise would not be to anybody's advantage.

COMMODITY EXPORTS 1980-85

	1980 (Estimated)	1985 (Projected)	Average annual growth rate (%) 1981-85
RUBBER			
Volume ('000 tonnes)	1,620	1,540	0.3
Unit value (cts/kg.)	300	490	10.3
Value ($m)	4,860	8,036	10.6
TIN			
Volume ('000 tonnes)	70	66	−1.2
Unit value ($/tonne)	35,717	45,788	5.1
Value ($m)	2,504	3,022	3.8
SAWLOGS			
Volume ('000 cu. m.)	13,900	10,500	−5.5
Unit value ($/cu. m.)	175	295	11.0
Value ($m)	2,435	3,098	4.9
SAWN TIMBER			
Volume ('000 cu. m.)	3,300	4,100	4.4
Unit value ($/cu. m.)	370	577	9.3
Value ($m)	2,221	2,367	14.2
PALM OIL			
Volume ('000 tonnes)	2,260	3,573	9.6
Unit value ($/tonne)	1,140	1,326	3.1
Value ($m)	2,576	4,738	13.0

Source: Fourth Malaysia Plan.

هكذا من الأصل

Intent on storming the economy's commanding heights

MALAYSIA'S corporate sector is in the throes of a quiet revolution whose outcome is not in any doubt. The only questions are: How long will it take to achieve its aims and what will be the cost?

The revolution's slogan is "More of Malaysia for the Malays" and its standard-bearers are the country's ruling elite — the courteous, self-effacing native Bumiputras, or "sons of the soil," who are driven by an insatiable ambition to storm the commanding heights of the Malaysian economy. The latter are still largely held either by foreign interests or by the country's enterprising Chinese community, who form nearly 35 per cent of the population.

The aim is for Bumiputras to own at least 30 per cent of the corporate sector by 1990. At present they own just over 12 per cent and much of that is held not by individuals but by special Government agencies which retain the shares in trust for the population.

Foreign companies are also required to take on Bumiputras when new jobs become vacant. The aim is for 30 per cent of all employees to be Bumiputras by 1990, a target which is unlikely to be achieved.

But such is the pressure on companies to implement this policy that, as one chief executive put it: "If I have a vacancy and I'm faced with a choice between a brilliant Chinese and an adequate Malay I'll probably go for the Malay."

Foreign companies accept that Government interference in their affairs—initially through non-executive directors—is inevitable. "The real issue is how serious and detailed will this interference become," commented one British businessman.

The policy is operated through the Bumiputra Investment Foundation, an umbrella organisation which sets overall policy and guidelines for its operating subsidiaries.

The Foundation's principal subsidiary, the National Equity Corporation (NEC), works hand in hand with another key Government agency, the Capital Issues Committee (CIC). The CIC fixes the scale, timing and price of each share purchase, and the NEC selects the most likely targets and negotiates the deals.

Very few companies, foreign or Chinese, are willing victims, so the NEC has inevitably become a predatory creature. "A good yield, sound management and good potential is what we look for initially. We steer clear of lame ducks," said one official.

A price is fixed and the deal goes ahead following central bank approval. Negotiations often take several months. In the case of one major British company it took two years. "They drive a hard bargain," explained one European chief executive "and they've got most of the cards". The price is usually well below market value, ranging from between 15 and 50 per cent depending on the kind of bar-

THE BUMIPUTRAS

ALAIN CASS

gaining counter the company may have, such as high technology or access to markets, which the Malays need.

The latest Five-year Plan sets aside ($2bn) for the sharp acceleration of this take-over process, which has so far proved slower, more complex and more difficult to achieve than was perhaps originally envisaged

Malaysia is proceeding cautiously. An ear finely attuned to the sensitivities of the corporate sector tends to put sound management ahead of strident political ambitions. The Government is keenly aware of the need to maintain a favourable climate for investment.

But this may not be possible indefinitely With the takeover already of nearly $500m of assets from foreign companies operating in Malaysia the case for moving deeper into the heartlands of the Chinese corporate sector is bound to grow.

This is a situation fraught with danger—not only because race and the historic test of wills between the Chinese and Bumiputra remains the key issue in Malaysia but also because rash attempts to grab huge chunks of a largely family-owned business empire could trigger a disastrous exodus.

The Government is tending to confine itself to publicly quoted companies in the Chinese sector for the time being. "Our policy is to watch and wait. When a new company is floated or an existing company wants to expand then we take an active interest," said one official at the NEC.

But even this kid-glove approach is beginning to hurt. Leaders of the Chinese community complain that the policy effectively bars growth unless companies are willing to hand over 30 per cent to the Bumiputras in the process.

A recent example likely to prove a small milestone in inter-communal business relations was the Government's refusal to allow the Malaysian Chinese Association (MCA), through its business arm Multipurpose Holdings, to take control of the United Malaysian Banking Corporation, the country's third biggest bank. The MCA is the biggest Chinese political party, with 17 seats in the Lower House.

The deal was stopped despite the fact that it had been originally approved by senior Ministers and that Pernas, the national corporation which promotes Bumiputra interests, already held a 30 per cent stake.

The other major problem which this policy is almost bound to throw up is an unwieldy and growing State shunting yard for shares in which the goods remain trapped. Most Bumiputras are a backward and rural people. Monumental efforts will be required to educate them to a point where they can share in this wealth.

Some critics of the policy fear that most of these shares will remain blocked in perpetuity, with more companies coming under effective Government control at Board level and leading to a growing State sector, interference, mismanagement and corruption.

Those shares which do move are already finding their way into the hands of a privileged few, creating a new capitalist class which could serve as a focus of discontent and political subversion.

Senior officials charged with operating this sensitive policy are the first to acknowledge the dangers. "We can't run away from the fact that we will be faced with management problems. Nor can we run away from the need to involve the Government in improving the lot of the Malay as fast as possible," said one.

The key to the success of the policy so far is flexibility. It is already clear that the Government will have the greatest difficulty in achieving its overall targets of 30 per cent by 1990 under the present official guidelines.

To compensate for this the NEC and some other State bodies now often insist on majority control—in some cases 51 per cent or more, partly under political pressure but largely for sound tactical reasons.

This is happening in two main areas. The first is the "soft underbelly" of the non-Bumiputra economy such as trading and services. Woodward Dickerson, the U.S. group, has been told to hand over 51 per cent of its holdings by next June, five years ahead of the tacitly understood schedule. "We don't need these people," said one Minister, "so they are obviously vulnerable."

The other area is new "green field" development where the Federal Land Development Authority has absolute power either to award or withhold licences to set up shop. On a much smaller scale licences for taxis, petrol stations and the like almost invariably now go to Bumiputras, as do most jobs in public service.

Foreign banks and companies with special know-how are treated with particular respect. As a result many are not only staying on but helping to reverse the outflow of capital after independence and the unrest of the late 1960s. Pickings are still relatively easy and profits unusually healthy against the backdrop of world recession.

So far this softly-softly policy has worked, leaving in its wake some resentment but little damage. But the voices of Malay nationalism are rising. At last year's economic congress of the ruling UMNO Party there were widespread demands for the 30 per cent quota to be immediately upgraded to 51 per cent.

The demands were resisted by the leadership, which is likely to take a moderate line for the foreseeable future. The hope must be that the economic cake will grow sufficiently fast for the Bumiputras to get their share without the need for a major assault on the Chinese sector.

The Government plans that the native Malays, or Bumiputras ("sons of the soil") will own 30 per cent of the corporate sector by 1990; currently, Bumiputras own 12.4 per cent

OWNERSHIP AND CONTROL OF THE CORPORATE SECTOR
(Ringgit million)

	1980	%	1985	%	1990	%	Annual growth rate (%) 1981-90
MALAYSIAN RESIDENTS	13,817.8	52.5	27,188.8	63.0	52,193.9	70.0	14.2
Bumiputra individuals	1,128.9	4.3	1,976.1	4.6	3,891.4	5.2	13.2
Bumiputra trust agencies	2,144.8	8.1	7,949.9	18.4	18,477.4	24.8	24.0
Other Malaysian residents	10,544.1	40.1	17,262.8	40.0	29,825.1	40.0	11.0
FOREIGN RESIDENTS	12,505.2	47.5	15,968.0	37.0	22,368.8	30.0	6.0
Share in Malaysian companies	7,128.0	27.1	9,740.5	22.6	14,539.7	19.5	7.4
Net assets of local branches ...	5,377.2	20.4	6,227.5	14.4	7,829.1	10.5	3.8
Total	26,323.0	100.0	43,156.8	100.0	74,526.7	100.0	11.0

Source: Fourth Malaysian plan.

Evidence of revival of confidence

MALAYSIA'S CHINESE business community, much shaken in the 1970s by the Government's determination to topple it from the commanding heights of the local economy, is showing signs of having recovered its nerve. Private non-oil investment, generally conceded to be mainly Chinese, grew by 26.5 per cent at current prices (15 per cent in real terms) in 1980.

"The Chinese now have complete confidence in this country" noted a pro-government Malaysian Chinese businessman whose various companies all have a substantial Bumiputra (Malay) investment. "In our country money grows on trees," says a Chinese banker, and of the Government's New Economic Policy (NEP) he said: "There is plenty for all."

However, both men subsequently expressed serious reservations. "Ordinary Chinese have reacted to the NEP with shock and dismay and wonder whether they will continue to have a stake in this country," said the businessman. More dramatically he suggested that "The Chinese community is now in a state of hysteria." The banker said that since 1970 there has been a flight of capital of "thousands of millions of dollars" from Malaysia to other countries by methods not necessarily approved by the Bank Negara. "The NEP is killing free enterprise," he says. "Malaysian Chinese are pre-

THE CHINESE COMMUNITY

KATHRYN DAVIES

vented from allowing their companies to grow."

This apparent schizophrenia reflects the views of many Chinese who fear that the enforcement of the NEP, together with their own inability or unwillingness to adapt, may mean the old South-East Asian Chinese mixture of political cynicism and business astuteness—"we don't care who holds the head of the cow as long as we can milk it"—no longer applies. The cow is being held and increasingly milked by Malaysia's indigenous races—admittedly through a string of Government holding companies.

A Malaysian Chinese economic conference held in Kuala Lumpur to address itself to the community's problems concluded that the traditional Chinese employer who placed a string of relations in key positions, regardless of their competence, could not withstand a challenge by the new breed of business-school educated entrepreneur, Malay or Chinese. Equally the Chinese preference for breaking up a company (once it achieves a reasonable size) into several smaller businesses, puts the community at a disadvantage against the large foreign conglomerates and companies with a substantial Government stake. Although 40 per cent of the equity in limited companies is still owned by the Chinese—compared with only 14 per cent for Bumiputras—many of the businesses concerned are shop-houses and factories of limited value which do not create jobs.

At the same time Government policy, or more specifically, the Industrial Co-ordination Act (ICA) which came into effect in 1976, is held responsible for

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Chinese Malaysians: temporary immigrants who came to stay

The Chinese make up 35 per cent of Malaysia's 13.6m population but are officially discriminated against by the Government in order to increase the stake of Bumiputras (Malays and other indigenous people) in the economy.

Chinese tin miners were working in peninsular Malaysia in the 16th century but not until 1850 did the discovery of rich tin deposits in two Malaysian States — Perak and Selangor — draw thousands more, many of them indentured labourers, some escaping the tyranny of Manchu rulers in China.

They were perceived both by the Malays and by British colonialists as temporary immigrants — the immigration of women was discouraged and little was done to further Chinese education. Chinese "separateness" was therefore inculcated from the start. Alarmed that they were becoming outnumbered, Malay rulers prevailed on the British to restrict Chinese immigration severely in the 1930s, but the Japanese occupation during World War II and the communist victory in China itself changed the character of the Chinese presence to a permanent one.

Aside from tin mining and rubber plantations, the Chinese moved into towns and became involved in commerce and the retail trade. The evolution of the Malayan Communist Party (MCP) supported by Chinese in rural areas created a fifth column within Malaysia after World War Two and led the British to take harsh measures: 600,000 people, mostly Chinese, were forcibly uprooted and relocated in so-called "new villages" surrounded by barbed wire and searchlights. (A further 650,000 people were also relocated for security reasons, although half of these were Indian and only 30 per cent Chinese).

When the emergency ended, many people decided to stay where they were—ironically helping to fuel the growing economic imbalance among the races and creating the (inaccurate) stereotype of the wealthy urban Chinese. About a quarter of Malaysia's current 4m strong Chinese population still live in the new villages and are involved in industry, banking and wholesale and retail distribution. One survey has estimated that of the 36,000 squatter families living in the capital, Kuala Lumpur, the Chinese account for 67 per cent. The incidence of poverty in the Chinese community is in the region of 25 per cent, in contrast with that in the Malay of 60 per cent.

Not all Chinese are urban dwellers, just under 40 per cent of Malaysian fishermen are Chinese and there are many Chinese vegetable farmers. Chinese businesses are still normally constructed on the basis of extended family ties (both within and outside Malaysia) and Chinese society divided into clans and associations along linguistic lines.

Moving towards a closer relationship

THE SINGAPORE CONNECTION

KATHRYN DAVIES

IN THE early 1970s the wealthy Singaporean family, which owned a prosperous pharmaceutical business as well as a bank and a local newspaper, sold the conglomerate (divested of the bank and the newspaper) to Slater Walker Securities of London. The Singaporean authorities were subsequently enraged not merely by the classic style in which Slater Walker stripped the company, Haw Par, of its assets, but by its decision then to sell a controlling stake to the Malaysian Government's investment arm, Pernas. Singapore stepped in to stop the deal and to prosecute Slater Walker executives for breaches of the Republic's companies act.

Incidents like this are a reminder of the sensitivities attached to commercial encroachments on both sides of the three-quarter-mile-long causeway which separates Malaysia from Singapore, its tiny, prosperous, Chinese-dominated neighbour to the south. More recently the Singapore Government was said to be extremely unhappy about an attempt by a Malaysian Chinese millionaire, who had recently ceded a stake in his company to Malays to take a controlling interest in a Singapore hotel chain (controlled, as it happens, by another Malaysian Chinese millionaire). Their objection may relate more to the value of the shares involved in a complicated swapping arrangement rather than to the identity of the individuals involved, but inevitably there was much speculation about a political dimension to the dispute.

On the other side of the causeway, Malay civil servants speak of the need to assume local (Bumiputra) control over Singaporean Chinese assets in Malaysia.

"A Singaporean millionaire" was said recently by Malaysian newspapers to be behind a syndicate involved in the illegal cultivation of more than 8,000 hectares of land in the southern state of Johore. Operating through a middleman, the Singaporean apparently employed several thousand squatters to plant palm oil, rubber, and vegetables, and was accused of thereby cheating the state of around S$100m in lost taxes.

Malay fears of Chinese political, as well as economic, domination (which some were prepared to concede) led to Singapore's expulsion from the Malaysian Federation in 1965—a turn of events which caused Singapore's normally unemotional Prime Minister, Lee Kuan Yew, to make an anguished television appearance in which he broke down and wept.

Last May a smiling Datuk Hussein Onn arrived at Mr. Lee's official residence at the end of a highly successful official visit to Singapore, to the surprise of waiting journalists, he was accompanied by Mr. Lee himself—an accolade rarely if ever accorded by the Singaporean to any visiting foreign dignitary. The incident was a clear signal that, at government level at least, there is now sufficient unanimity of view between the two countries to mark an end to the verbal political warfare characteristic of their dealings in the past.

Several factors have brought Malaysia and Singapore closer together. The end of the war in Vietnam and Communist victories throughout Indo-China engendered a realisation that the two countries together with their ASEAN neighbours (Indonesia, the Philippines, and Thailand) had to sink or swim together. Malaysia's booming economy has given it a new confidence in its dealings with Singapore and helped to dispel traditional fears of Chinese predominance in the region (although Lee Kuan Yew has consistently sought to instill a Singaporean, rather than a Chinese, indentity for his city state).

Equally Singapore has an enviable economic track record and an increasing feeling of national self-confidence to boost its morale, set as it is in a sea of the vast Malay populations of Malaysia and Indonesia. Malaysia remains Singapore's third biggest trading partner, with a total trade amounting to S$10bn in 1980, 36.5 per cent up on 1979, and both governments have seen how their very different "new" economic policies for the coming decade can complement rather than compete with each other.

Singapore is discouraging labour-intensive industries through squeezing them out by higher wages. Such industries may, with official blessing, find it easier to migrate across the causeway. Last year Lee Kuan Yew caused something of a local commotion by suggesting that the vast new Sumitomo Petrochemical complex, costing in the region of S$2bn, could be insufficiently sophisticated for Singapore's needs, and could be relocated in Malaysia. For Malaysia, where unemployment is a problem, such a development could only be welcome.

Rubber trade accounts being figured by the use of an abacus in a Singapore godown. Malaysia is Singapore's third biggest trading partner and the pursuit of complementary economic policies is in both countries' interests

There are of course hiccoughs in the new relationship. Although both internal security organisations co-operate fully, Singapore is worried that Islamic fundamentalism might spread from the fringes of Malaysia's Moslem population to the 14 per cent of Singaporean citizens who are both Malay and Moslem.

Singaporean Chinese entrepreneurs are still relatively unaffected by Malaysia's Bumiputra policy but the threat is there. Local political pressures could force the Government in Kuala Lumpur to get tough with Singaporean Chinese—a sensitive issue which Singapore is anxious to avoid. Local newspaper editorials in the Republic concentrate on the benefits of Malaysia's NEP, while emphasising that the policy should spread wealth throughout Malay society and not merely create a small class of Malay millionaires.

Despite official denials from both countries, perspectives over Indo-China and specifically the Vietnamese occupation of Kampuchea, differ. Malaysia leans more towards the Indonesian position, of favouring some form of political accommodation with Hanoi. Singapore which together with Thailand takes a tough line on Kampuchea is dismissive of the so-called soft approach and worried lest Vietnam is able to drive a wedge between ASEAN states.

Above all, racial sensitivities remain close to the surface. In the May 1969 racial riots in Malaysia Chinese sympathies across the boundary were obvious, if somewhat muted. However, it is in neither country's interest to see further internal dissension in Malaysia, and while the two economies remain buoyant, both have a vested interest in closer ties.

The revival of confidence

CONTINUED FROM PREVIOUS PAGE

placing serious obstacles in the way of Chinese advancement. Among the chief complaints are:

- The reservation of business licences for Bumiputras only in a number of industries, for example, timber, printing, petrol service stations, and the denial of licences to Chinese in traditional occupations, such as hawkers.
- Discrimatory employment policies which deny Chinese the right to work in government service and statutory bodies while insisting that Chinese companies employ at least 50 per cent Bumiputras in companies with more than Ringgit 250,000 share capital.
- The granting of land to Bumiputras in urban areas while denying an equal right to the Chinese in rural areas (although a stated aim of the NEP is to encourage the Chinese to work on the land).
- Training and education policies weighted extensively in favour of Bumiputras, thus denying higher education to many Chinese students.
- Inconsistency on the part of Government officials towards Chinese businessmen: "The fact that the overwhelming majority of officers in the Ministry of Trade and Industry are Bumiputras, does not in the least help to alleviate the fears of the Chinese entrepreneur."

However, the Government points out that many Chinese have clearly adapted quite successfully to the NEP and a new breed of businessman schooled in modern management techniques and indifferent to family connections is now a perceptible influence on the Malaysian business scene.

Large companies formerly owned by British interests have been taken over by Chinese-Bumiputra co-ventures to apparently mutual satisfaction. "It's essentially a passive stake," said a western-educated Chinese businessman of the Bumiputra investment in the string of companies he dominates. "It really doesn't make any difference to the real control of policy-making or the way I do business."

Other observers note that the number of Chinese millionaires does not seem to be diminishing and that many arguments still put forward by the Chinese against the harsher aspects of the NEP are largely a pavlovian response while their agile minds figure out more ways of circumventing the system. This view tends to ignore the very real sense of grievance felt by small businessmen, middle management and students and the fact that the identification of race with economic function sweeps Chinese poverty under the carpet.

Opposition politician Lim Kit Siang, in his book Time Bombs in Malaysia, points out that the poor of Malaysia are to be found both in the traditional urban sector where non-Malays outnumber the Malays by nearly three to one, as well as in the rural sector where the position is reversed.

"The traditional urban sector covers artisans, petty traders, hawkers, stallholders, household servants, trishaw-riders and other persons pursuing a multitude of activities requiring little or no initial skill or training who happen to be Chinese. The average income of both the traditional urban and rural sectors is low. In some ways the urban poor are much worse off than the rural poor because, unlike the latter, the urban poor own no land which they can fall back upon and which can at least be cultivated to enable them to obtain the necessities of life." Lim argues that in fact, if not in intention, Malay poverty is receiving infinitely greater attention from the Government because it predominates in rural areas, while Chinese poverty is neglected.

It can also be argued that wealthier members of the Chinese community have tended to ignore the plight of their poorer brethren, partly because Chinese co-operation across family or clan lines is still unusual and because Chinese individualism does not lend itself easily to community concern. There is now talk of floating a Ringgit 100m trust fund within the Chinese community to help ordinary Chinese buy property and form co-operatives.

Optimists argue that while the economic cake is constantly being enlarged—the money grows on trees theory—economic dissatisfaction on the part of the Chinese community will be contained. But what unites the entire non-Malay population and most objective observers is that education is now a sufficiently combustible issue to warrant major concern.

The Government's insistence on the use of the national language, Bahasa Malaysia, as a medium of instruction throughout the education system will lead, many fear, to cultural isolation. Even Government supporters worry that: "We are training a generation of misfits, speaking only Bahasa, when the language of commerce is English.

"Moreover, the intake of students at higher levels is deliberately weighted in favour of Malays, reducing the number of successful Chinese applicants to a trickle. The Government argues that the Chinese are wealthy enough to send their children abroad for further education—a diminishing prospect, however, as fees in countries like Britain rocket beyond the reach of all but the richest. For the majority of Chinese, this discrimination against their children in their own country causes distress and anger. Even the Malaysian Chinese Association (MCA), a Government coalition member, concedes that education is an explosive issue in local politics.

Although there may be some room for manoeuvre in this direction, the Government will not be permitted by its more extreme supporters to move too far towards concessions in educational or economic fields. No one in Malaysia can forget the May 1969 riots caused by Malay dissatisfaction over what they perceived to be an unfair Chinese dominance of economic affairs.

Few Malaysians predict an imminent revival of violent communal tensions, but some express concern that below the level of wealthy people who congratulate themselves on inter-ethnic ties at receptions in Kuala Lumpur hotels, there is a mass of people directly affected by the NEP whose tolerance is not guaranteed.

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Communication is the key

ONE OF the most encouraging sights of any Malaysian town or village is to watch the children going happily to school at the crack of dawn, hand in hand in their neat uniforms—the same all over the country in navy blue and white for the juniors and turquoise and white for the seniors. Increasingly, Malay, Chinese, Indian and tribal children will walk or cycle side by side, chatting away in *Bahasa Malaysia* (the Malay language) as if unconscious of racial distinctions.

Education is probably the key to economic development and progression and, on that score, Malaysia is winning. "No one gives up school because of parental pressures to go out to work or to earn money," said Datuk Abdul Rahman Arshad, the deputy director of the Education Ministry. "Education is not compulsory, but we do not have to make it compulsory. Parents are clamouring for the best opportunities, and if a son or daughter wins a place in one of the residential schools or goes to university, he or she will be the pride of the whole village."

Though the young children may not make distinctions as to race, as they grow older they become more aware of it. Education is one of the most touchy subjects in Malaysia, with the Chinese claiming that they are discriminated against and that it is harder for Chinese with straight "A" results in school exams to enter a Malaysian university than it is for a Malay with bare passes.

Malaysian ministers will admit that there is discrimination, but defend it by saying that there has to be if rural Malays are to be given the chance to overcome the handicaps of their environment. They add that it is unlikely that the disadvantages can be overcome in a single generation, but they point to the remarkable progress both in the numbers and in the quality of the new pupils.

Datuk Musa Hitam, the Minister of Education, commented: "Education in Malaysia was elitist until 10 or 15 years ago, as the best opportunities were available in the towns and largely confined to the urban population. Now it is popular and democratic in the sense that it reaches the remotest areas and provides opportunities to all, irrespective of their social standing or whether they are rural or urban, rich or poor." But the Minister adds that that very

EDUCATION

KEVIN RAFFERTY

success has brought new sets of difficulties, as Malays greedy for education are disappointed if their children do not reach the highest levels.

Even the Chinese will normally concede that they have a head start. They are largely urban dwellers with easy access to libraries and books and other facilities. Chinese families have traditionally prized a good education, and urban schools tend to have more pupils, wealthier families, more money and an environment conducive to learning. On the other hand, Malays are largely rural people whose life revolves round the Kampong and the seasons. The prime family task is the practical one of looking to the harvest, not to the finer points of education.

One way of redressing the balance was to conduct all lessons in *Bahasa Malaysia* rather than in English which was the language used for instruction in many of the better schools. Along with this went an insistence on a pass in *Bahasa Malaysia* as minimum qualification for winning a school certificate, irrespective of results in other subjects. In the mid-1970s this caused a furore among the Chinese who saw their children deliberately handicapped by promotion of *Bahasa* but the Chinese children soon picked it up and language proved no barrier to their progress; rather, it has helped communication among the different races, at least at school.

More controversial was the decision to favour Bumiputras in the award of university places rather than on the basis of merit as expressed by examination results. Two years ago, the outcry from the Chinese that their children were discriminated against was intense and led to a clamour for a new Chinese university to be called "Merdeka"—"Independence."

Datuk Musa stauchly resisted the plea for an independent university and the clamour has died down. Education officials say that there is no longer the great discrepancy between the bright Chinese students who get into university and the Malays who only scrape in. They stress that standards are improving the whole time. The next step will be to improve the ratio of non-Bumiputras going to university from the present 60:40 ratio in favour of the Bumiputras. The plans are to make a 2 per cent adjustment each year.

The Education Ministry has built up an impressive system of facilities to aid rural Bumiputras, including residential upper secondary schools and sixth form colleges. Even though these mean that children may have to spend their weekdays up to 100 miles away from their homes, competition for places is fierce. Schooling up to the end of the lower secondary level, or the age of 14-15 is virtually universal, and between 65 and 70 per cent of Malaysian schoolchildren go to the upper secondary level, according to Datuk Abdul Rahman. Schooling is free, but parents have to pay for books—though poorer families get free books—and sports facilities.

In spite of the progress, officials admit that resources are still stretched. "It is not just a question of supplying the physical facilities to the rural areas, but improving the supply of teachers, motivating teachers to go to the rural areas and improving the whole environment," said Datuk Abdul Rahman.

Special teachers for teaching English were arranged after it was found that standards of English had slumped. "I shall go down in history as the man who brought back English into the system," Datuk Musa joked with friends.

There are still not enough university places, less than 20,000—a smaller number than the 26,000 Malaysians studying abroad—though these figures include nurses and other non-university students. There is not enough time nor enough supervisors to develop proper masters and other higher degree courses at some universities. Britain's decision to charge higher fees to foreign university students was a big blow to Malaysia and many of its overseas students are withdrawing—though in the long run Britain may be the loser as influential Malaysians develop ties with an alma mater in Australia, Canada or the United States.

Lessons are no longer conducted in English but in Bahasa Malaysia (the Malay language) in a bid to promote the education of rural Malays. A pass in Bahasa is the minimum qualification for gaining a school certificate and instruction in English is now given by special teachers

Oil and gas to be given greater prominence

IN the 1970s, Malaysian leaders used to talk about their oil and gas reserves as a "bonus". Already endowed with such a wide range of export commodities and an expanding manufacturing sector, oil and gas did not figure prominently in Malaysia's previous development plans. Under the Fourth Plan, oil and gas are to play *a crucial role*, both as a major source of revenue and as a base to attract petrochemical and heavy industry.

Last year, crude oil overtook rubber as the nation's biggest export, accounting for \$3.2bn (Ringgit 7.2bn) or 25 per cent of total export revenue. The poor showing in commodity earnings in the past year and the vastly increased Government expenditure on defence and civil service salaries have recently put pressure on the Government's finances, resulting in a recent reversal in the oil conservation policy and a request to the foreign companies to produce more oil to raise revenue.

Last June, the Government implemented a national oil depletion policy which created a fall in the country's daily oil production from 290,000 barrels to the current rate of 260,000 barrels. The reversal of this conservation policy could mean that the two oil-producing companies—Shell and Esso—would be producing 15 per cent more, or a daily output of 300,000 barrels, by the end of the year. However, government officials say the abandonment of the conservation policy is only temporary: it would be reinforced once prices of other primary commodities improve—it is hoped by the end of the year.

Oil reserves are not very large—around 1.8bn barrels—and they are often found in small pockets. Should a daily production rate of 300,000 barrels be maintained, the reserves would be exhausted within 16 years and in the reckoning of Petronas, the national oil company, the country would actually become a net oil importer as early as 1987. However, this calculation is based on the presumption that there are no new oil fields to be found, and the prospects for finding more oil are pretty good.

Malaysia's natural gas reserves, on the other hand, are enormous. Conservatively estimated at 33 trillion (million million) cu ft, they place Malaysia as the world's fifth-ranking gas nation. Of this, 14 trillion cu ft, at Shell's Central Luconia fields off Sarawak, is already committed to supply Japan with 6m tonnes of LNG annually for 20 years, starting in 1983.

The gas fields within the *Esso contract area off Trengganu* state in West Malaysia are even larger than those of Central Luconia, and Malaysian

ENERGY

WONG SULONG

authorities are just beginning to give serious thought to how it should be used. Putting any of the gas aside for export has been rejected. It will be used for petrochemicals and heavy industries. According to Mr. Rastam Hadi, the managing director of Petronas, the petrochemical industry is "last on the priority list"—"It will come eventually, but we have more urgent matters to consider first," he said.

The most urgent need is to restructure the nation's pattern of energy consumption. At present, 85 per cent of the country's energy is dependent on oil and, apart from its enormous gas reserves, the country has great potential in hydro-electric power, particularly in Sarawak. A feasibility study on tapping Sarawak's hydro power and carrying it across the South China Sea to the Malaysian peninsula is being undertaken.

Future electricity plants would use mainly gas or hydro-electric power and this is reflected in the money allocated under the Fourth Plan. More than \$300m (double that of the Third Plan) is for hydro power, while only \$75m is for thermal power, basically to complete projects already started. A 450-megawatt gas-fired power station will be built in Trengganu by 1984, using gas piped from one of the offshore fields. Thus by 1990, Malaysia's energy consumption pattern is expected to have shifted overwhelmingly to hydro and gas.

During 1981, Petronas will sign two production sharing agreements with two foreign oil companies (whose names are yet to be disclosed) for two offshore areas in Sarawak, where the prospect of finding oil are said to be "reasonably good." Here, Petronas' exploration subsidiary, Carigali, will have an equity, but it will be a small one of around 15 per cent.

In last year's production sharing agreement with British Petroleum and Oceanic to explore an area off the northern coast of Sabah, Carigali took a 50 per cent stake, with BP taking 30 per cent and Oceanic 20 per cent. Carigali is also involved (with technical assistance from the British National Oil Corporation) in developing some gas fields off Pahang state.

Another priority for Petronas is to break the foreign monopoly in downstream activities such as refining, marketing and the distribution of oil products. However, the foreign oil companies are very worried that Petronas would use unfair means to squeeze them out of the market.

The companies point out the two oil refineries Petronas is planning to build would have a combined capacity of 200,000 barrels daily, while the current national consumption is only 160,000 barrels. In addition, Petronas is planning a chain of petrol distribution stations around the country and will market oil products in competition with the foreign oil companies.

Petronas points out that the downstream activities are too important to be left entirely in the hands of foreign companies, but assured it would take at least 10 years before its own refineries are in full production. "We are being deliberately slow with our downstream activities because we know there are others there," said Mr. Rastam. "We do not want to kill them, if they can do their responsibilities we will leave them alone and concentrate elsewhere."

Crossing the gulf to the lands of opportunity

Sarawak and Sabah represent Malaysia's new frontier of opportunities. They are sparse in population, with just over a million people each, but rich in land and sea resources.

Sarawak and Sabah are vastly different from the rest of the country. They are physically separated from the rest of Malaysia by several hundred miles of the South China Sea and are located on the north of the island of Borneo—the rest of which belongs to Brunei, a mere sliver of a state in terms of size, and to the Indonesian Kalimantan.

Their histories and populations are different. Unlike most of the rest of the Malaysian states, they do not have a sultan to rule them as for more than a century Sarawak had a white (English) rajah. They did not come into the Federation until 1963, six years after independent Malaya.

Malays form only a minority of their populations, which are largely composed of Ibans, Melanaus, Kasazans, Bajaus, Muruts, and other indigenous peoples with urban areas under strong Chinese influence.

Datuk Harris Salleh of Sabah emphasised Malaysian strength and unity in his recent election campaign, which led to his landslide victory. The new Sarawak Chief Minister, Datuk Taib Mamuh, comes fresh from Kuala Lumpur into the Federal Cabinet.

Sarawak and Sabah are still open territories, with land yet to be cultivated. Sarawak's 48,050 square miles makes it the biggest state in Malaysia. Sabah is 29,388 square miles, or as big as Ireland.

Both states have oil as a feedstock for industrial development, which is only just getting under way. The state governments have ambitious plans, and Sarawak's Bintulu Development Authority, fed by the nearby natural gas field, is one of the biggest Asian projects. Both states, however, still lack their own capital, and local management skills even more so.

Oil is a potential area of dispute between the federal and the state government, especially as 95 per cent of revenues are remitted to Petronas, the Malaysian state oil company.

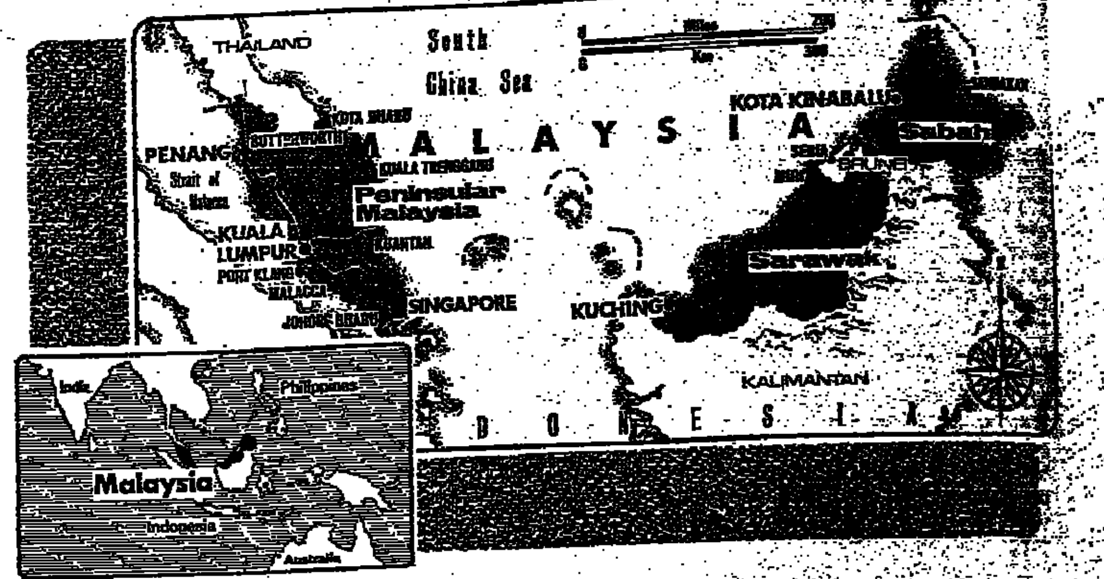
Feeling is high, particularly in Sabah, that the state government should have more than a paltry few millions from oil to put into its development programme, especially when the Federal Government gets through Petronas more than Ringgit 1bn from Sabah and rather more than that sum from Sarawak.

Sometimes, too, there is a feeling that federal bureaucrats are heavy-handed and inhibit the plans of the state governments. The problem here is that the two states are effectively demanding special status within Malaysia when every concession they seek will also be claimed by the other 11 states in peninsular Malaysia.

Sarawak and Sabah have some autonomy, including control over lands, forests and their own immigration policy. But even this has led to problems, with some members of the Opposition Democratic Action Party banned from Sabah. In the days of the fiercely Islamic Tun Mustapha, the Roman Catholic Bishop for Sabah was not allowed into his diocese because he came from Sarawak.

With the racial and tribal groupings so closely balanced, there is always the danger, as happened in the past, that the Government may use its own powers to buy off opposition. Communication problems add to the feelings of neglect. Kuala Lumpur would do well to reassess the aspirations of the Borneo states and to ask if they have enough elbow room to satisfy them.

New wealth meets old ways



A YEAR or so ago Bintulu hardly merited a mention even on a map of Sarawak. It was a sleepy town of about 8,000 people, with a small port and a small airport. Now it is being transformed to become one of the biggest industrial centres in developing Asia, based on offshore oil and gas.

Bintulu will have a liquefied natural gas plant costing Ringgit 3bn; an oil terminal (already in operation); an urea ammonia plant, estimated cost almost Ringgit 800m; a much bigger and deeper port, the cost of improving which will be about Ringgit 500m; possibly an aluminium smelter, costing at least Ringgit 1.4bn. It will have a generally improved infrastructure, at the cost of about Ringgit 400m until 1985; an agriculture university, financed out of a 200,000-acre timber concession and all modern conveniences including good housing and a luxury hotel—not forgetting an 18-hole golf course. Bintulu is the modern face of Sarawak, but there is also much uncharted territory. The thick tropical jungle is so difficult to penetrate that only recently was it discovered that Sarawak's interior hides the biggest caves in the world.

The state is certainly not lacking in resources. Oil has for decades been a rich source of income from the old Shell Miri field. Now there is gas as well. One official boasted that every two weeks an LPG carrier leaves Miri for Japan and "without us the lights of Osaka would soon go out."

There are plenty of other sources of development. Sarawak's timber reserves are big and not so badly plundered as those in neighbouring Sabah. The state has estimated reserves of 300m tons of good-quality coal, though the equatorial rains mean that it is too wet for immediate use.

The problem is in transforming Sarawak's potential into actual wealth and jobs. After years of troubles with Communist bands, in the mid-1970s the Malaysian forces more or less mopped up all but isolated groups. The Government is a coalition of three parties which together hold all but three of the seats in the state assembly. In the past, the Government was shaky because of the complicated racial composition of the state with its Ibans, other indigenous groups, Malays and Chinese. Ibans and Chinese are about equal in number, with just over 30 per cent each of the population. Malays number about 20 per cent.

For years Datuk Patinggi Abdul Rahman Yaakub retained power as Chief Minister by balancing the parties against each other, but in 1976 the Sarawak National Party, some of whose leaders had previously been detained, joined an all-embracing coalition. Rahman Yaakub, a muslim from one of the smaller indigenous communities, this month became Sarawak's Governor, handing the Chief Minister's portfolio to his nephew, Datuk Amar Taib Mahmud, who for years had been a federal minister in Kuala Lumpur.

The new Chief Minister should bring to his job the confidence of the Federal Government. One of the problems, as his uncle pointed out last year in an interview to celebrate 10 years in power, is: "There is about 620 kilometres of the South China Sea that separates Sarawak from the nearest point at the tip of the Peninsula. This alone, if we are not careful, can bring about many difficulties and problems. We should know that there are many things which can be applied in Kuala Lumpur, but cannot be applied in Sarawak." But Sarawak is still closer to Kuala Lumpur than to Hong Kong, so the nationalist feelings in Sarawak have been contained.

SARAWAK

KEVIN RAFFERTY

Perhaps the biggest problem is in laying the foundations for economic development. The Sarawak Government has the reputation of being more cautious than Sabah. If Sabah has a problem that can be solved by importing labour it will be prepared to do so; but the Government in Kuching has been loathe to bring in labour, wages have shot up and some projects delayed.

The Government itself has played a forceful role in trying to lay economic foundations. It is noticeable that the tallest and most modern buildings in Kuching are those of government and government bodies. The centre of old Kuching remains much as it was five years ago, suitable for a bustling provincial river port. The Chinese who here, as in much of urban Malaysia, dominate business, prefer not to flaunt their wealth in brash buildings, so that the main centre of interest is the market.

Across the river, however, there are smart skyscrapers belonging to government and quasi-government bodies. The Government has also taken the lead in setting up the Bintulu Development Authority and giving it exclusive rights to develop the whole district. Oil and gas remains a federal preserve.

According to businessmen in Sarawak, the tight Chinese business communities, especially in the commercial town of Sibu which is almost entirely Foochow, could prove a barrier to promoting multi-racial links, but the Chinese have shown their willingness to co-operate with other interests. In addition, the State Economic Development Council is trying to promote Bumiputra business —its car assembly subsidiary is the biggest Bumiputra business in Sarawak.

One of the biggest difficulties is to persuade the Bumiputras to give up their traditional longhouse family life to work in a modern environment. It may be a battle that is being won, but there is resistance.

A foreign businessman commented that the influence of schooling and education and the lure of modern goods was having an impact, but "very often they prefer to work for a month, then go back to their family longhouse for a month to digest the fruits of their labours. It is easy to be sympathetic to their arguments."

Boom time in the "Wild East"

ALTHOUGH HE failed to achieve the clean sweep he had predicted for his Berjaya party in the states elections in March, Datuk Harris Salleh, Chief Minister of Sabah, did win an unprecedented landslide victory, taking all but four of the 47 seats and attracting more than 60 per cent of the popular vote. Such majorities thumpingly underline his dominance and were unheard of in any previously contested Malaysian election.

If East Malaysia is the great open frontier of new opportunities, Sabah certainly conforms to the image of a boom-time state. Kota Kinabalu, the state capital, is growing rapidly out of its gentle Chinese shophouse environment. Building projects abound, including futuristically designed skyscrapers, as if deliberately signalling that Sabah's development is taking off.

There are also the ugly blemishes of a boom. Sabah's per-capita income is above the Malaysian national average, but about half of all Sabahan households remain poor by national standards. Even in a country that, according to *Time* magazine, ranks high on international corruption scales, the state has long had the reputation of belonging to the "Wild East" where money and connections talk louder than law and order. During the recent election campaign claims of methods of influencing the vote included figures of Ringgit 10bn freely changing hands and spending averaging Ringgit 1m per constituency.

Distribution of timber licences has traditionally been the way of winning friends and influencing people, and Datuk Harris has defended such a system of rewards. He gave concessions to more than a thousand members of his party, saying that political patronage was important in a modern state as politicians "need a background of private wealth to support their public efforts."

However, even his critics concede that the advent of Datuk Harris and the Berjaya has made a difference to Sabah, and the high levels of consumption have been cut back. From 1967 to 1976 the state was more or less the private fiefdom of Tun Mustapha Harun, who was later jailed for corruption. He, too, awarded timber licences, "but it was larceny on a grand scale from the state" says a long-time resident enthusiastic about Datuk Harris. Tun Mustapha spent most of his time outside Sabah and at the end of 1975 the resource-rich state was almost bankrupt, with only Ringgit 1m in the coffers.

The new Chief Minister has built up the state funds to more than Ringgit 1.2bn. He stopped the bleeding by imposing a massive 60 per cent royalty on logging operations; confiscating about 800,000 acres-worth of the licences awarded by the previous government; formulating a new timber policy to encourage local processing and reducing by half by 1982 the annual cut from Sabah's forests. Accompanying this went a programme of conservation of much of the virgin jungle and re-afforestation of the plundered timber lands with faster-growing species which will ensure continuing income to the state and the Government. In practice, much damage has been done to the forests and reducing the annual cut is proving harder to implement than planned.

SABAH

KEVIN RAFFERTY

Like a good businessman, Datuk Harris has tried to invest and plan ahead for the days when income from timber diminishes. His government set up a variety of institutions to oversee new economic development.

It is difficult to keep track of activities that Datuk Harris Salleh's energetic programme has spawned. In agriculture, Sabah is getting "cocoa fever," with large numbers of acres being turned over to the crop, rubber, coconut, padi and oil palm plantations are being opened up and land is being cleared to re-settle landless families.

In industry new projects are leaping from the drawing board, especially on the island of Labuan, the birthplace of the Chief Minister.

To help improve the everyday quality of life the Kojasa stores sell goods at low prices designed to keep overall prices down. Datuk Harris bought a large beef farm in Australia and built an 18,000-ton cattle carrier to ship 500 a time on the hoof for final fattening in Sabah. Smallholders get Government subsidies to encourage them to produce and improve crops. All Sabahans get occasional handouts of Ringgit 100 or 150 from the Government. The Sabah Foundation, established in Tun Mustapha's day, also awards a large number of scholarships for study both in Malaysia and abroad to promising young students—it also gives schoolchildren free milk, free uniforms and free stationery.

Not everything has gone smoothly. Sabah is a long way from world markets and off the main international shipping lanes. Some industries, including, for example, a steel and metal furniture factory, are facing hard times because of this.

For all his energy and dedication to forward planning the Chief Minister lacks real friends and is quick to react to criticism. "He sees people not as colleagues or friends, but as pieces in a jigsaw puzzle to be moved around and fitted into place—which is a businessman's approach and not a politician's," commented an impressed foreign investor in Kota Kinabalu.

هكذا من الأصل

David Fishlock, Science Editor, reports on the new U.S. Administration's ruthless approach

Reagan chops the big energy projects

SOME OF America's biggest energy battles since President Nixon declared Project Independence in the early 1970s will be fought again in the next year or two. The Reagan Administration, although determined to reverse the "benign neglect" of nuclear energy practised by the previous Government, has abandoned a vast number of large-scale "demonstrations" of other energy projects approved by President Carter. But supporters of these demonstrations will try to reprieve *many* of them.

Senator James McClure, chairman of the influential Senate Energy and Natural Resources Committee, will be in the thick of these battles. "There's a host of technology you could apply to energy provided you don't have to sell it," this engagingly cynical conservative from the Rocky Mountains commented at a lunch in Washington the other day.

Senator McClure supports nuclear energy, but neither exclusively nor uncritically. He backs the fast breeder reactor and specifically the controversial Clinch River demonstration. But he is highly sceptical about the future for nuclear fusion. He supports conservation—"energy conserved is the cheapest"—but not conservation at any price. He speaks admiringly of a farmer of his consituency who is fuelling his machinery from sunflower oil harvested from only 6 per cent of his own land. He claims that sunflower oil can fuel diesel engines with no sacrifice of efficiency "though it smells as if you are downwind of a McDonalds."

The energy battle will be fought by politicians with an equally catholic range of enthusiasms, but not necessarily for the same projects; and by politicians more exclusively wedded to a particular solution, such as solar energy or synthetic fuels, both of which have been devastated by Mr. Reagan's axe. All will be looking for targets they might demolish so that funds might be found to reinstate their pet projects.

Waiting on the sidelines, alert to every opportunity to intervene, will be another army, of professional experts in blocking all energy projects that do not carry the label "benign and renewable." As a speaker told a conference called Energy under Reagan in Washington last month: "Anyone with $15 and a mimeograph machine can stop a project"—provided he attacks it early enough.

Paradoxically, every administrator of science knows that his greatest problem is how to stop a project, once funds and professional careers have been invested.

All Western governments face problems of being overcommitted to major research and development projects, the true financial risk of which is inevitably incalculable. A prime example is the British Government, but in the past two years its science advisers have failed to make any great impact because even among themselves they have found advocates prepared to defend to the death every project picked out for the chop.

The managers of the new U.S. Administration—specifically Mr. David Stockman at the Office of Budget and Management—nicknamed the Abominable No-Man—have taken a more ruthless approach. Their axe has made wholesale excisions in ambitious energy, education, science and space projects. In fact, so swingeing have been the energy cuts that there is even talk of the Department of Energy reverting to the role of the old U.S. Atomic Energy Commission, from which it began to *swell into the present superministry* in the early 1970s.

U.S. ENERGY PROGRAMME

(Figures in $m)	1980 (Carter)	1981 (Carter)	1982 (Reagan)
Conservation	779	558	195
Fossil	858	834	441
Solar, etc.	751	597	241
Nuclear fusion	350	383	460
Nuclear fission	1,198	1,166	1,247
Environment	235	227	231

THE FATE OF THE PROJECTS:

ABANDONED

Magneto-hydrodynamics (MHD); ocean thermal energy conversion (OTEC); solar energy research institute (SERI); conservation in industry.

REDUCED

Coal liquefaction; coal gasification; coalmining R and D; heat engines/heat recovery; conservation in transport; conservation in buildings.

INCREASED

Magnetic fusion systems; commercial nuclear waste; advanced enrichment technology; conventional reactor systems; plutonium/tritium production; naval reactors.

The new Administration says that it is against the idea of the taxpayer paying for large-scale demonstrations, but in favour of strengthening the research and development base. It argues that if the research and development look good enough to justify the demonstration of a commercial process, private industry should be willing to finance this step.

This kind of logic has led to the virtual eclipse of the national solar energy programme, which is to receive only one-third of its 1980 allocation next year. The budget for energy conservation projects has been cut to one-quarter, and that for fossil fuels (including synfuels) has been cut in half.

One solar project which has been eliminated is the ocean energy system, designed to suck heat from the sea but requiring gargantuan structures to do it. Also wiped out is all funding for a new national laboratory, the Solar Energy Research Institute. Overall, however, the new Administration can argue that it is merely accelerating a trend to reduce a colossal *over-commitment to solar* energy already begun in Mr. Jimmy Carter's final budget last autumn.

Another energy project being dropped is magneto-hydrodynamics (MHD), the idea of generating electricity without the need for big turbo-generators, by blasting very hot gases between the poles of a magnet. Funds for the liquefying of coal have been cut to *two-fifths, and for gasifying* coal to one-half. Even coal mining research and development funding has been cut by two-thirds.

DAVID STOCKMAN
'The Abominable No-Man'

"What they're doing in energy is probably the only way you can make some immediate changes," says Dr. John Slaughter phlegmatically. Dr. Slaughter — an engineer — is director of the National Science Foundation. He has seen his own budget slashed by one-quarter.

The educational programme of the National Science Foundation has been virtually eliminated, and its funds for research in social sciences severely reduced. Almost $100m requested next year for new projects have been disallowed.

The biggest to get the chop is the plan for a new 100-inch telescope, for which a total of $30m was required.

The most controversial facet of the energy budget is that it leaves research related to nuclear energy almost untouched, even increased slightly. To quote Mr. George Gleason, of the American Nuclear Energy Council, the nuclear power industry's Washington lobby, the Administration "has made us a stalking horse for everyone who lost money in the budget"—even though in real terms the industry is getting 40 per cent less than before Mr. Carter came to office in 1977.

Not only has nuclear energy in general benefited relative to other energy technologies. Two particular projects are expected to invite assaults even from those with no particular prejudice against nuclear energy.

One is the new uranium enrichment project at Portsmouth, Ohio, which is expected to cut the energy requirements to less than one-tenth of the *electricity needed for the* present gas diffusion process of enrichment. The other is the Clinch River fast breeder reactor, the next step towards a large-scale demonstration of *commercial fast reactor technology.* The fast reactor is expected to utilise 50-60 times as much of the energy in uranium as present-day reactors.

Although both projects show very impressive advantages, compared with the energy savings likely from conservation projects that the U.S. Government has abandoned, they are still vulnerable. The most obvious case against expanding enrichment capacity is that at present there is a world glut.

Clinch River, on the other hand, remained a focus of controversy throughout the Carter Administration. Mr. Carter wanted passionately to drop it. Congress would not let him and authorised the spending of $1bn, over half of it on equipment. Much of this is now in store.

The design is about 80 per cent complete, estimates Dr. John Yashinsky, the Westinghouse executive responsible for the project. He reckons it will need nearly seven years to build the reactor from the time the Government authorises a start on site, setting 1989 as the earliest the U.S. could expect to have it operating.

Congress is unlikely to reverse its previous commitment to the project just as the new Administration has endorsed it. But it has to reconcile its support for what clearly is a first stage of demonstration of the new technology with a Government policy which alleges that publicly-funded demonstrations are bad. In short, there are those who scent danger in any attempt to make nuclear energy look like a "special case."

But there are also energy experts who say that it is unrealistic to expect private industry to carry the risk of the more ambitious synfuel projects, not*ably coal liquefaction to make* fuels and feedstocks.

Private industry has responded swiftly to the Reagan axe. Conoco has abandoned its high-BTU coal gasification project at Noble, Ohio, to which some $38m of Government cash has been committed (and in which British Gas once had hopes of participating). Exxon has stopped work on laser enrichment of uranium, on which a team of nearly 150 was engaged. Major projects on solar cell technology for converting sunshine to electricity, by such companies as Union Carbide, Texas Instruments, Mobil and Westinghouse, are expected to be dropped or delayed.

In the short-term, the Reagan Administration may have to concentrate on the urgent problem of facilitating the licensing of 11 new nuclear power stations ready to come on-line this year but likely to be held up by a cumbersome regulatory machine. It may well prove politically expedient to hold back a start on Clinch River for another year.

The new administration is determined to regulate solar spending in line with its prospects as a competitive energy source. President Carter insisted *on lumping hydro-electric power* in with solar energy to make the expectations look much better. But according to one Washington lawyer, some 500 new U.S. hydro projects are awaiting licences from a Government team of only four people.

Perhaps the last word should be left to Mr. Robert Fri, who has served recent administrations as a top official of both the Department of Energy and the Environmental Protection Agency. As a successful promoter of synfuel projects in the private sector, Mr. Fri views the demise of the national synfuels programme with equanimity. Well-founded projects — such as shale oil conversion and his own methanol projects — will forge ahead unaided, he says.

But he senses political dangers for nuclear projects, inasmuch as they seem to flout the Government's own policy of not aiding energy demonstrations. Mr. Fri believes that we shall see much rephasing of schemes, with terms such as "fact-finding mission" used instead of the proscribed term "demonstration" in Mr. Reagan's energy research and development programme.

Letters to the Editor

Civil service pay

From the Managing Director, Zenith Electric Company.

Sir, — What appears to be the main claim of the civil service unions, constantly repeated without comment in the media, is that two-thirds of all civil servants earn less than average earnings. There is nothing remarkable about this. At least two-thirds of the total working population in this country earn less than average earnings, and this includes some highly skilled personnel in manufacturing industry.

The statistic which is never quoted, either by the unions or by the media is the median earnings. If civil servants' pay were measured against this, I suspect that it would show that they are not too badly off.

E. H. Pogmore.
The Zenith Electric Company,
Cranfield Road, Wavendon,
Milton Keynes.

Accounting for inflation

From Mr. P. Hale

Sir,—Messrs. Holmes and Sugden (April 23) in their otherwise thought-provoking article on Statement of Standard Accounting Practice 16 have, it appears, fallen into the trap of thinking of "inflation" as a sort of all-pervasive homogenous disease that affects everybody and everything equally, in the same percentage extent.

I am sure, however, that my life-style is different from the writers' and I am equally sure that the percentage rise in my cost of living is different from theirs. If my rates go up by 15 per cent and theirs by 50 per cent, for example, whose "inflation" is "right" in their books? SSAP 16 concentrates on a company's specific "inflation," not a bland average, which is why it is closer to the realities of life (which are indeed complicated) than SSAP 7. Sandilands, far from "preferring to ignore" inflation, recognised it for what it is—different things to different people and explained this.

P. J. Hale.
25, Napsbury Lane,
St. Albans, Hertfordshire.

Qualifications of auditors

From Mr. R. Wensley

Sir, — It would seem that generally there is now a *genuine* desire to rationalise the accountancy profession, and in this connection it would surely be an opportune time to incorporate into the Association of Certified Accountants members of the profession authorised under the 1948 Companies Act, at least 600 of whom are now members of the Association of Authorised Public Accountants.

It is understood that some action has already been taken by the certified association to assist the authorised body, as presumably the authorised body is not in a position financially to give service to its members on its own in a way which the public has come to expect.

This is a step in the right direction, but if it is the intention of the certified association to lead in the quest for a unified profession by eliminating the artificial divisions which exist, here is an area where further *progress could be made;* translating words into action by integrating into one body the relatively small number who are qualified under Section 161(1)(b) with those who are qualified under Section 161(1)(a) of the same Companies Act; thus fulfilling many of the requirements of the EEC amended proposal for an eighth directive relating to the qualifications of auditors.

R. W. Wensley,
"Sangro,"
438, Liverpool Road,
Birkdale, Southport, Lancs.

Rates and industry

From Mr. W. Bridge

Sir,—Mr. Goch (April 13) complains of the ignorance of councils as to the impact of rates on industrial costs. Perhaps there would be a greater awareness if industry were obliged to make available to all and sundry as much information on budgets, costs, manpower, etc. as are local authorities. He might also then find that the administrative burden of so doing would have an extremely adverse effect on his cost structure.

Mr. Franklin alleges that business pays in excess of 60 per cent of local government expenditure. This may be true in Lambeth, though I doubt it; it certainly is not true of the country as a whole. In the area where I live the proportion, depending on definition applied to hereditaments, is either 1.8 per cent or 3.1 per cent of the district rate, and, for the county as a whole, either 10.4 per cent or 16 per cent of the county precept. As for his assertion that there is no benefit, does he really expect *us to believe that* the protection services of fire and police are of no value to the business world? *Do no businesses use* the road network? Is it of no benefit to the business world that it is able to recruit school leavers with at least a modicum of education and, very often, a great deal *more than that; and* do no private sector employers avail themselves of the post entry professional, technical and clerical training provided by the education service?

W. G. Bridge.
3, Marysgate,
Brewood,
Stafford.

Uniform levy

From the Deputy County Treasurer, County of Cleveland.

Sir, — There is a comment in the article published under the heading "CBI wants ceiling on commercial rate rises" (April 21) which could be misconstrued and certainly has been in my area. The comment was that *employers have been* expected to carry more than their fair share of the rates burden because local authorities find it politically more acceptable to raise rates from commerce and industry than from the domestic voter. The implication is that local authorities have the power, and have used it, to levy a differential rate on commercial and *industrial* ratepayers as against domestic ratepayers. This is not the case.

A uniform rate is levied on all rateable property. The only subsidy specific to the domestic ratepayer *is the domestic rate* relief grant which is part of the national rate support grant and is, therefore, a national, not a local, subsidy. This has been pegged at 18.5p since 1975-76. There is no way in which a local authority can, through the rate levy, positively discriminate for or against any particular group of ratepayers.

P. M. Riley.
Municipal Buildings,
Middlesbrough, Cleveland.

Bees and drones

From Mr. W. Grey

Sir,—At a *time when* we should all be pulling together, can we not stop talking about the private "productive" and the public "unproductive" sector (Mr. J. B. Hearn, April 24), as *if we were so* many bees and drones?

All who work, including the self-employed, contribute to the national product. And while some, regardless of the sector in which they happen to work, are obviously more productive than others, none is worthless.

Obviously, too, the two sectors are, to some extent, subject to different criteria. Assuming the labourer is worthy of his hire, however, his particular place of work is, once again, quite immaterial.

By all means, let there be an end to overmanning wherever it exists. But let not those who are bearing the main brunt be idolised, while the others—including the unemployed—are dismissed as beyond the pale.

W. Grey,
12, Arden Road,
Finchley, N3.

Roads or rails

From Mr. M. Sullivan

Sir,—British Rail's plans (April 22) to enter the distribution field in association with some major firms are much to be *welcomed* and of great potential benefit to the community. The attacks by road hauliers now involved in trunk hauls are surely an indication of long-term success: it must worry them.

Only by initiatives like British Rail's can the trunk haul lorry, surely one of the banes of modern life, be curbed and annual tonne-mileage on Britain's roads brought down. It could be that some expensive new roads will become unnecessary.

It is now beholden on the Government to support switching of trunk hauls in distribution to rail by grants, not just for planned depots but for private sidings where goods are produced, and indeed the private wagons to be used (now eligible for such grant). Too many factories and food-processing plants are without rail links at present.

A change in the Department of Transport's attitude is needed, though. For years it has through its freight directorate sponsored heavy lorry transport. Such attitudes persist. For example the Midlands lacks any rail served complexes as yet. At the *public inquiry* in 1980 into the Birmingham-Nottingham M42, I suggested that if this £85m road were built, goods would be more likely to be brought into both East and West Midlands by road from other regions since it would make them one distribution area, whereas if it were dropped there was a better *opportunity* for both Birmingham and Nottingham-Derby to justify rail-served distribution complexes and reduce the lorry traffic in the region generally, and thus wear on roads, noise and pollution. *The Department,* the M42's promoter, declined to reply to this; as its barrister put it, "We are not equipped to deal with arguments advanced of this sort." Thus do our masters face the future.

Mark A. Sullivan.
26, Milverton Crescent,
Leamington Spa,
Warwicks.

Opencast mining

From Mr. M. Brocklesby.

Sir, — Mr. Donald Davies (April 14) avoids the main issues raised by Mr. Napier and Mr. Wade *and does* little more than voice his disagreement with their statements.

The National Coal Board has regularly over-estimated the future UK market for coal by a large margin. Demand for 1985 was initially projected at 150m tons (Plan for coal 1974) and later reduced to 130m tons (Coal for the future 1977). As it now appears that the actual figure will be of the order of 120m tons it is hardly surprising that the present surplus production has taken the NCB by surprise. In contrast the Opencast Mining Intelligence Group very accurately predicted current demand, current production and the consequences of any attempt to accelerate the closure of the deep mines.

The significant fact is that the NCB's investment in deep-mine capacity is a long-term process which is based on these over-estimates and as a result deep-mine capacity now exceeds demand. Once this investment has been made the profitability of the NCB depends on maximising the production from its mines.

Two conditions are needed to achieve this profit—a market for the coal and stable, co-operative labour relations. Current opencast policy is eliminating both. It is swamping a saturated market and creating surplus stocks which the miners, *not without cause, must regard* as a threat to their jobs and a disincentive to production. This policy could only be justified on the most pessimistic assumption that the investment in the deep mines will never give a proper return.

Mr. Davies notes that the NCB achieved the "Plan for coal" objective of 15m tons opencast. It should be remembered that this objective was introduced as an additional measure to help bridge the gap between the planned deep-mine capacity of 130m tons and an expected demand of 150m tons. Using "Plan for coal" criteria that objective is no longer valid and the claimed profitability of opencast remains unsubstantiated.

Mr. Davies also suggests that opencast mining and agriculture can progress together, but here too his premises are equally suspect. He is on record as saying "there is no question that in the long term most land is improved" by opencast working. The complete fallacy of this statement has been confirmed by the report on opencast prepared by the Council for the Environmental Conservation and by evidence given by past and present members of MAFF at public inquiries. It must be assumed, therefore, that Mr. Davies grossly underestimates the impact of opencast on agricultural productivity.

Malcolm Brocklesby,
Opencast Mining Intelligence Group,
Croft House, Calverley Road,
Oulton, Leeds.

Today's Events

GENERAL

UK: Confederation of British Industry publishes quarterly trends survey.

Manpower Services Commission meets to approve industrial training proposals.

Mr. Hamish Gray, Energy Minister, meets Mr. Harald Norvik, Norwegian Petroleum and Energy Secretary, London.

Leather and Associated Trades Show opens, National Exhibition Centre, Birmingham (to April 30).

British Institute of Management publishes salary survey.

Mr. Michael Foot and Mr. Denis Healey, Opposition leaders, speak on GLC elections, County Hall, London.

Mr. Tony Benn speaks at public meeting, Wandsworth.

Sir Ronald Gardner-Thorpe, Lord Mayor of London, attends Variety Club of Great Britain dinner, Guildhall.

Baroness Masham speaks on the disabled world, Royal Commonwealth Society, WC2.

Overseas: EEC Development Council meets, Luxembourg—agenda includes 1981 food aid programme, and Community aid *to refugees.*

Prince Charles begins three-day visit to Venezuela.

EEC Socialist International leaders discuss application for membership by Britain's Social Democratic Party, Amsterdam.

OFFICIAL STATISTICS

First quarter first preliminary estimate of consumers' expenditure. CBI Industrial Trends Survey for April. Bricks and cement production for first quarter.

PARLIAMENTARY BUSINESS

See Parliamentary News on page 9.

COMPANY MEETINGS

Camellia Investments, Athenaeum Hotel, 116, Piccadilly, W, 10.30. City Offices, Winchester House, 100, Old Broad Street, EC, 12. IMI, Midland Hotel, New Street, Birmingham, 12. *Investing In Success, Regis House,* King William Street, EC, 12.30. LASMO, Ironmongers' Hall, Shaftesbury Place, Barbican, EC, 11. Mercantile Investment Trust, The Chartered Insurance Institute, 20, Aldermanbury, EC, 12. Needlers, Sculcoates Lane, Hull, 12. Ratcliffs (Great Bridge), 75, Harborne Road, Birmingham, 3. Tace, Essex Hall, Essex Street, WC, 3. Trident Television, Dorchester Hotel, Park Lane, W, 11.30. Vantona Group, The Midland Hotel, Manchester, 2.30.

UK COMPANY NEWS

Simon Engineering edges ahead on interest income

HIGHER interest receivable and and an improvement in the share of profits from associates lifted pre-tax profits of Simon Engineering to £19.31m in 1980, compared with £18.54m a year earlier.

On a CCA basis, the surplus is reduced to £14.5m.

The present economic downturn is more severe and longer lasting than was predicted, says Mr. H. C. Harrison, chairman, and the climb back will be slow. There is unlikely to be much improvement in trading conditions for most of the group's UK companies in the current year but some should do well, as should many of the overseas operations, he adds.

While 1980 turnover was virtually unchanged at £324.14m (£323.9m), the trading surplus fell from £16.26m to £14.34m after depreciation charged of £4.74m (£4.3m).

The associates' share rose from £648,000 to £1.02m and interest receivable expanded from £1.63m to £3.95m.

Tax took £5.92m (£5.55m), minorities £1.26m (£1.14m), and after an extraordinary credit of £7.47m (nil), comprising a release of £9.56m resulting from changes in stock relief rules and a £2.36m provision for anticipated losses on the closure of a subsidiary, attributable profits were £19.61m against £11.86m.

Stated earnings per 25p share, on capital increased as the result of an acquisition, are 48.4p (50.7p) before extraordinary items and 78.4p (50.7p) after.

The dividend is increased from 11.33p to 12p with a final of 8p and, with the preference distribution, absorbs £3.09m (£2.85m).

A breakdown of turnover and trading profits by division shows, in £m: food engineering 67.36 (67.9) turnover and 2.95 (5.27) profit; manufacturing 49.59 (48.46) and 1.98 (1.51); process plant contracting 108.98 (123.11) and 3.2 (3.82); merchanting and storage 86.01 (76.68) and 6 (5.97); oil services 12.21 (7.75) and 1.14 (0.52).

Total trading profit of £14.34m (£16.26m) was struck after normal central expenses of £757,000 (£771,000) and non-recurring expenses of £180,000 (£93,000).

The chairman says the balance-sheet was strengthened, giving scope for expansion.

● comment

Simon Engineering's out-performance which is based on a strong balance sheet, wide customer spread and a minimal working capital requirement—has become less pronounced over the past year after the market's scatter gun rise. Up 15p to 369p yesterday on the near 6 per cent pre-tax improvement, the shares have out-performed by just 8½ per cent during the past month against 23.5 per cent relative strength over the past 12 months. The full premium may be expected to return, however, when the tide of support for less stable engineering issues recedes. While food engineering, down 44 per cent, will probably struggle to make much headway, the storage, oil services and manufacturing divisions should be capable of compensating for the inevitable fall in interest receivable; net liquid funds have already fallen by about £10m since the accounting date. Quite substantial losses have been eliminated with the closure of Simon-UK and above the line redundancy charges of almost £500,000 are not expected to recur at any material level. CCA cover for the dividend remains strong and, assuming Simon makes about £20m pre-tax in what is still a very difficult year, the prospective fully taxed p/e of 10.8 provides scope for useful further appreciation.

HIGHLIGHTS

Lex discusses the shifting pattern of institutional investment as illustrated by the annual report of the giant Prudential. Overseas the French Bourse has suffered a setback in the wake of the first steps of the Presidential election. Meantime the long-awaited fate of Orion Bank resolved itself yesterday with an outright purchase by one of its shareholders, the Royal Bank of Canada. Lex also looks at the full-year results from Gerrard and National. On the inside pages Simon Engineering reports higher profits and the outlook is for perhaps £20m pre-tax in what is a very difficult year. Meantime Spear and Jackson's second-half profits last year collapsed in the face of slack demand.

London United just behind

DESPITE a slight increase in second half profits from £1.85m to £1.94m, London United Investments, insurance concern, finished 1980 just behind at £3.28m pre-tax, compared with £3.3m. Turnover moved ahead from £14.29m to £17.24m.

The dividend is maintained at 9p net per 20p share with an unchanged final payment of 5p.

After a tax charge of £1.67m (£1.56m) earnings per 20p share are shown as 18.32p, against 20.44p. There was an extraordinary debit of £49,000 (£38,000), and a transfer of £83,000 (£4,000) from non-revenue reserves.

● comment

The past year has seen London United moving sideways in profit terms—or slightly backwards in stated earnings per share, down 10.4 per cent. The slippage probably has more to do with problems in the Collis Cold Container business than with the dilution caused by the use of shares to purchase Jarrett. Action has been taken to eliminate losses in Collis—now said to be coming round — and a firmer tone in U.S. underwriting means that Jarrett, in company with LUI's other U.S. agencies, is now making healthy progress. Occasionally in recent months, the shares have been wafted on to a higher plane by news of oil or gas discoveries in Australia. Recently, they have subsided, losing 3p yesterday, to 187p, on which the maintained dividend yields 7 per cent. This is about right for a non-life insurance share at the moment though similarity between LUI's long-tailed U.S. business and the average composite is not close.

Spear & Jackson setback as redundancy costs bite

THE unprecedented extent of de-stocking in the wholesale and retail trades, coupled with redundancy and severance costs, have seriously affected pre-tax profits of Spear and Jackson International, manufacturer of steel, saws and hand tools.

Pre-tax profits for the year to January 3, 1981, plunged from £1.97m to £328,000 after redundancy and severance costs amounting to £542,000 compared with £151,000. The final dividend is cut from 5.8p to 3p for a reduced total of 6.575p (9.375p).

At the interim stage pre-tax profits had dropped from £953,000 to £824,000.

Mr. S. M. de Bartolome, the chairman, says there is a positive side to the many difficulties encountered over the past 12 months. The company has borne a high level of redundancy costs which has resulted in much reduced operating cost levels.

In the UK, he says interest rates are now lower and he believes the worst of the de-stocking cycle has now been seen. Management accounts indicate that the group traded profitably in the first quarter of 1981. The slimmer and fitter company is excellently placed to take advantage of any improvement in the industrial climate.

Total group sales in the year under review fell from £37.51m to £34.49m with sales by UK companies dropping from £23.11m to £20.82m. Trading profits were lower at £1.16m (£2.6m) and interest payable was up from £623,000 to £830,000.

There was a tax credit of £59,000 (£582,000 charge). After extraordinary debits of £169,000 (nil), arising from the closure of unprofitable activities, attributable profits came out at £189,000 against £1.33m. Dividends absorb £353,000 (£492,000). Stated earnings per 25p share were considerably lower at 6.7p (24.9p).

Commenting on the year's figures, Mr. Bartolome says that although the recession in this country has been deeper than in most other developed economies, trading conditions at the group's overseas companies have, in varying degrees, also proved difficult.

On a CCA basis there was a pre-tax loss of £466,000.

● comment

A collapse in group volume at Spear and Jackson of around 30 per cent in the closing half left virtually no profit to offset over £⅔m of redundancy costs. Full year profits are down by 83 per cent and the cut final left the shares yielding 8¼ per cent after the 10p fall to 112p yesterday. Yet the message from S and J is that it is poised for recovery. Its own stringent cutbacks have put the group on a profitable footing during the first quarter of 1981 despite no upturn in demand. The UK workforce has been cut by one-third, chopping £3m off the wages bill, while other overhead costs have been squeezed considerably. Profits are being made in the UK and Canada while France should be in the black after redundancy costs — likely to chip £200,000 or so off profits — are out of the way. The next set of figures will not look inspiring but if customers start restocking next autumn, in anticipation of an upswing in 1982, the closing half could muster a recovery. Yet S and J's order cycle is only six weeks and the shares are unlikely to run far on second-half hopes this early in the year. Nevertheless hopes offer some support to a p/e of 16.3 on reported earnings.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allebone	1	June 24	1	1	1
Brook St. Bureau	1	—	3	2.14	4.14
Estates & Gen. Invsts.	1†	July 2	0.85	1.55	1.4
Gerard & National	9	—	6.5	14	11.5
Hunting Petroleum	4.5	—	4	6.5	5.5
London Utd.	5	June 16	5	9	9
Lowland Inv. int.	1.75	June 5	1.6	—	3.75
S. Lyles int.	2	June 1	2	—	5.5
Oceana Dev. Tst.	1.17	—	1.17	1.17	1.17
Pentland Inds.	1.3	July 2	1	1.65	1.27
Simon Eng.	8	July 1	7.33	12	11.33
Spear & Jackson	3	June 3	5.8	6.58	9.38

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Governor's pledge to Scotland

EVERY EFFORT will be made to see that control of the Bank of Scotland will remain in Scotland, says Lord Clydesmuir, the Governor, in his annual statement.

In an obvious reference to the recent approaches by Standard and Chartered Bank, and the Hongkong and Shanghai Bank for the Royal Bank of Scotland, and Lloyds Bank's newly acquired 51 per cent interest in Lloyds and Scottish, he says the board has noted developments which may result in changes in the ultimate control of two major institutions of great importance to Scotland.

"It is the firm resolve of myself, the Governor designate, board and senior executive to see that control of the Bank of Scotland—with its unique constitution and history—remains in Scotland," he says.

"In this way the long-term interests of shareholders, customers and the public will best be served."

Lord Clydesmuir, who resigns at the annual meeting on May 19 —the new Governor will be Mr. Thomas N. Risk—says the prospect of somewhat lower interest rates, while helpful to the economy generally, will have an adverse effect on the Bank's profits but will bring benefit to those of North West Securities.

As reported on April 15, 1981, pre-tax profits for the year to February 28, 1981, rose by £2.7m to £43.3m. The consolidated balance sheet shows deposits and notes totalling £3.28bn, while the aggregate of advances, instalment credit and leased assets stands at £2.46bn. Total resources are at a record £3.5bn. Proprietors' funds are £237.9m (£201.7m).

Midway rise for Cradley Printing

Taxable profits of the Cradley Printing Company rose by £14,000 to £180,000 in the half-year to December 31, 1980, on sales of £1.58m against £1.39m. Tax charges absorbed £69,000 compared with £48,000.

Mr. E. Jordan, chairman, says the second mini-web machine is now in operation and further expenditure is committed for additional finishing department equipment. Planning permission for a further bay at the factory in Chester Road has been received from Sandwell Council.

The group's enthusiasm for expansion has to be tempered with caution, he adds. With profit margins falling and the advent of bad debts becoming more and more prevalent, it would be imprudent for the Board to commit itself further until the recession has bottomed out.

Profits in the last full year were £388,671 (£285,359) and a single dividend of 0.525p net was paid.

SUTER ELECT.

Acceptances have been received at Suter Electrical in respect of 9,651,322 ordinary and £3.58m of stock in response to the rights issue of 10,273,437 ordinary shares and £4.11m of loan stock.

Woolgar plans £3m placing

BY ROSEMARY BURR

Mr. John Woolgar, who resigned last October from Tring Hall Securities, which specialises in bringing small companies to launch a similar venture.

He said yesterday that he hoped to attract between 200 and 300 shareholders across a broad spectrum of private individuals and institutions. The money will be raised by a placing of up to 2,898,000 ordinary shares of £1 at £1.05 in Trimshire Securities to be renamed Hill Woolgar.

Mr. Woolgar said: "I won't go ahead with the issue unless the company is profitable from day one. By that, I mean unless the proceeds from the issue can be invested in the money markets to produce an income in excess of budgeted overheads. We probably need about £2m."

In January, Mr. Woolgar met Mr. Edward Wild who ran Trimshire Securities, a licensed securities dealer, and they decided to join forces. Four companies set up by Mr. Woolgar last autumn, Listed Securities, Unlisted Securities, Private Placings and Unlisted Nominees, became subsidiaries of Trimshire last month. The subsidiaries from incorporation to March 26, 1981, made an aggregate dealing profit of £18,469, which after expenses resulted in a pre-tax profit of £15,105.

Shareholders in Hill Woolgar will be offered opportunities to participate in issues, placings and underwritings undertaken by the company provided they hold more than 1,000 shares. Hill Woolgar says "these opportunities to participate could prove of major benefit to shareholders and will also be important to the group in that potential clients can anticipate a widespread list of shareholders when dealings commence in the shares of their company."

Non-executive chairman of Hill Woolgar is the former Conservative MP, Sir ePter Roberts and the deputy chairman is Mr. Laurence Hill, currently managing director of Doreen Holdings and until last year managing director of Thomas Cook. Mr. Martin Kiney, at present finance director of Meridian International Credit Corporation, a UK confirming house within the ITM Group, wil be finance director.

Philip Hunt first quarter income slump

First quarter 1981 sales of Philip A. Hunt Chemical Corp. 63.5 per cent U.S. subsidiary of Turner and Newall, were virtually unchanged at $26.1m against $26.2m, but income from continuing operations slumped from $1.45m to $153,000.

Results were also adversely affected by processing and production problems in the plants at Limerock, Rhode Island and Berea, Ohio. These are expected to be corrected in the second quarter, the directors state, and should have minimal impact on results for the second half of 1981.

Estates & General setback

AS EXPECTED, profits of Estates and General Investments, property investor and developer, for 1980 fell back, the pre-tax figure emerging at £817,083, compared with a record £1.03m. Turnover was also lower, slipping from £4.14m to £3.79m.

The setback was anticipated at midyear, although taxable profits than had expanded marginally from £469,000 to £478,000.

Hrgh interest rates and the recession are blamed but profitability was also affected by the company's policy of writing off all interest charges as they occurred—charges for 1980 rose sharply from £839,980 to £1.24m.

The pre-tax figure included a surplus on the disposal of investment properties which amounted to £395,068 (£41,756). Rental income improved from £1.1m to £1.42m—a rise of 30 per cent.

After a tax credit of £738,127 (£418,482 charge) the net balance came through at a record £1.56m, compared with £609,352—although the directors say this is an exceptional "one off" situation.

Stated earnings per 20p share advanced from 3.4p to 8.6p and net asset value per ordinary share is given as 82p (55p), an increase of 50 per cent.

Revenue reserves at year-end were £1.91m (£649,732). A revaluation of the group's portfolio exceeds the balance sheet figure by £3.8m and shareholders' funds including this month's at December 31, 1980, were £15.1m (£9.8m).

AUTOMATED SECURITY

The directors of Automated Security Holdings are convening an EGM at which preference shareholders will be offered a "modest" improvement of 5 per cent in their conversion terms. If the resolution is passed it is proposed to make a scrip issue on a one-for-one basis to ordinary shareholders.

SPAIN

April 24	Price %	+ or −
Banco Bilbao	304	
Banco Central	346	
Banco Exterior	269	
Banco Hispano	307	+5
Banco Ind. Cat.	124	
Banco Santander	332	+1
Banco Urquijo	183	+3
Banco Vizcaya	319	
Banco Zaragoza	214	
Dragados	140	
Espanola Zinc	75	
Fecsa	61.2	+1
Gal. Preciados	28	
Hidrola	65.7	+0.7
Iberduero	58	+0.3
Petroleos	101.7	+4.7
Petroliber	88	
Sogefisa	81	
Telefonica	61	
Union Elect.	65	+0.3

Growth in deposits, lending and profits against difficult economic background

Summary of Group Results

Year ended	28th Feb. 1981 (£ millions)	29th Feb. 1980 (£ millions)
Group operating profit	44.4	39.8
Share of Associated Companies' Profits	0.7	2.4
	45.1	42.2
Payable to Staff under Profit-Sharing Schemes	1.8	1.6
Group Profit before Tax	43.3	40.6
Total Assets	3,568	2,761
Proprietors' Funds	238	202

Extracts from the Statement by the Governor, Lord Clydesmuir

The Year's Results

Group Operating Profit for the year ended 28th February 1981 was £44.4 million, representing an increase of 11.6% over the previous year. Our share of Associated Companies' profits decreased and consequently the total of £45.1 million arrived at after adding in this item shows a more modest gain. The Bank's own profit was some £4.8 million higher than last year. Net interest earnings were substantially greater, with the improvement coming only to a minor extent from the higher level of rates. Sterling lending was 29% greater while foreign currency lending also increased by about 19%. The net charge for bad debts arising on lending business was somewhat greater this year – but not markedly so – reflecting the recession which is affecting the whole economy.

Operating expenses rose by some 25% of which the major element was the increase in staff costs. The growth in expenses far outweighed the improvement in revenue from services and consequently largely offset the higher earnings from lending.

The operating profit of North West Securities Ltd. amounted to £5.4 million, which we consider a very creditable performance in a year of high money costs and strong competitive pressures.

The British Linen Bank Ltd. and its Associated Company contributed £3.3 million to the Group profit, this figure being marginally higher than the previous year. Business showed growth in all aspects.

In terms of the Staff Profit-sharing Schemes, the sum of £1.8 million has been allocated for distribution to the Staff. After extraordinary items, the profit attributable to the Proprietors is £41.4 million.

Dividend

The Board recommend payment of a Final Dividend of 9.5p per £1 Capital Stock, making a total for the year of 17.5p. This represents an increase of 16.7% over the total of 15p paid last year.

Strong Balance Sheet

The consolidated balance sheet shows deposits and notes totalling £3,284 million, while the aggregate of advances, instalment credit and leased assets is £2,455 million. Total resources are at a record level of £3.5 billion. Capital ratios remain strong.

Difficult Economy

The fiercest fall in economic activity since the 1930s was experienced during 1980 and economic performance in the United Kingdom shows little sign of improving during the first half of 1981. In Scotland in January 1981 one person in eight of the workforce was unemployed. The reduction in Minimum Lending Rate will certainly be helpful and it is hoped that the Loan Guarantee Scheme for small businesses, together with the new tax incentive for private investment introduced in the Budget will provide encouragement for development of initiatives in industry.

Against this economic background the Government has imposed a levy on the Banks upon so called 'excessive' profits of earlier years. This is a regrettable example of political expediency. In the case of the Bank of Scotland this will amount to some £8.5 million.

Comment

The Board of the Bank have noted recent developments in the banking and finance house sectors which may result in changes in the ultimate control of two major institutions of great importance to Scotland. It is the firm resolve of myself, the Governor designate, Board and Senior Executive to see that control of the Bank of Scotland – with its unique constitution and history – remains in Scotland. It is our belief that in this way the long-term interests of shareholders, customers and the public will best be served.

SALIENT FEATURES
from the Annual Report

Governor's Statement

* Operating profits increased by 11.6%
  Sterling lending up 29%
  Foreign currency lending up by 19%
  Dividend increased by 16.7%
* Total resources are at a record level of £3.5 billion. Our capital ratios remain strong.
* Operating expenses – mainly staff costs – continue to grow and to largely offset higher earnings.
* Increase in bad debts reflects growing effect of recession.
* "Windfall Tax" effect will be levy of £8.5 million. Regrettable example of political expediency.

Review of Group Operations

* Need recognised for sensitive understanding of problems of industry.
* Bank dedicated to support farming customers through period of high costs and low returns.
* Participation in North Sea activity continues.
* International expansion continues. New York Representative Office to become operating Branch.
* Keycard Autoteller coverage will soon reach 80% of population of Scotland.
* New customer services introduced for personal and business customers. Monthly Income Scheme for depositors proving popular.

BANK OF SCOTLAND

BIDS AND DEALS

Gasco claims control with 50% of St. Piran

Gasco Investments, the master company of Mr. Jim Raper who has been severely criticised by Department of Trade inspectors and the Takeover Panel, yesterday claimed control of Saint Piran the controversial tin mining and property group, which is the subject of a counter-bid by Burma Mines.

Gasco yesterday claimed acceptances of 10.32 per cent of Piran's shares, taking its holding up to 50.13 per cent.

Gasco's bid of 50p per share was mounted in defiance of a Takeover Panel ruling a year ago that a bid of 85p per share must be made to comply with the Takeover Code. The bid compares with a price of 65p when the Piran shares were suspended in May 1980.

A report by DoT inspectors into the affairs of the company, published earlier this month, recommended that Piran should be wound up. But this course of action was rejected by Mr. John Biffen, the Trade Secretary, who preferred to leave it up to shareholders themselves to bring such an action in the courts if they wish.

The Office of Fair Trading said yesterday that it was looking at the bid for Piran in the usual way. It would make a recommendation to the Trade Secretary on whether it should be referred to the Monopolies and Mergers Commission within the next week or so.

Mr. Graham Walsh, director general of the City Takeover Panel, said it would "welcome any further steps" official channels can take.

Burma Mines, headed by Mr. Tom Scrase the senior partner in Gittins the stockbroking firm which has launched a 60p per share bid, is considering the possibility of court action. Burma has a 4.37 per cent stake in Piran and its clients control a further 13 per cent.

Gasco itself has approached Burma with a view to "possibly making an offer for the company." Gittins said yesterday that nothing had transpired so far.

P & O U.S. hotel leasing

P & O Cruises, the cruising arm of Britain's biggest shipping company, has moved into the U.S. hotel market by taking a long-term lease on the Casa Sirena Marina Hotel and the Lobster Trap Restaurant at Oxnard, some 50 miles north of Los Angeles.

A new U.S. subsidiary, Princess Enterprises Inc., has been set up by P & O Cruises to invest in hotels and restaurants in North America, and the southern Californian acquisition marks the first move. It already has two other U.S. subsidiaries, Princess Cruises, which operates its west coast cruising operation, and Princess Tours, a tour operation.

Dr. Rodney Leach, the P & O main board director in charge of cruising, said yesterday that the lease will involve P & O in a minimum annual commitment of U.S.$1.5m for 13 years.

The 300-room waterfront resort complex was built in 1968 and is located at Channel Islands Harbour along the Malibu Beach coast road. The leisure facilities include golf, tennis, swimming, fishing and boating. There are also convention facilities catering for 400 delegates.

Mr. Len Scott, managing director of P & O Cruises, said that acquisition marks the first step in an area of potential development "that we have been considering for some time."

BICC joint venture talks

BICC, Britain's leading cable manufacturer, wants to increase its stake in BICC-Burndy, the UK electrical and connector company it owns jointly with Burndy Corp. of the U.S.

Talks are taking place about a change in the current 50-50 ownership of BICC-Burndy, set up in 1959 by the two groups. BICC manages the joint venture.

BICC said it intended to expand the BICC-Burndy business, which had net assets of £7.4m at the end of last year.

Both groups felt that equal ownership of the company was a a constraint on further growth in this sector, with BICC wishing to develop its international connector activities.

LONDON SUMATRA PLANTATIONS

Harrisons and Crosfield says that following further acceptances of its offer totalling 57,391 shares for London Sumatra Plantations, it has a total interest in 14,034,039 shares (88.09 per cent) as at April 27.

JEFFERSON SMURFIT

Jefferson Smurfit has exercised its option to acquire 49 per cent of the shares of Petroleum Royalties of Ireland under an agreement dated December 12, 1980, between Aran Energy and Smurfit.

PILKINGTON BUYS U.S. SOLAR COMPANY

Pilkington Brothers has acquired 80 per cent of Solec International, a Los Angeles-based manufacturer of photovoltaic cells, panels, and other devices. The remaining 20 per cent will be retained by Mr. Ishaq Shahryar, one of the original shareholders.

Solec, founded in 1976, has established a market in the U.S. and in the less developed countries for equipment which is used to convert the sun's energy into electricity. Its activities will in some respects complement those of Pilkington Solaproducts, engaged in the design and manufacture of solar water heating systems. The shares will be paid for in cash, with the deal representing less than 1 per cent of the assets of Pilkington.

IS EXPANDS

Initial Services Group is in the process of acquiring from Electrolux the whole of its textile rental and contract cleaning turnover in Singapore together with contract cleaning turnover in Kuala Lumpur.

This acquisition will extend Initial Services' involvement in South East Asia.

POWELL DUFFRYN/ FRANCIS PARKER

P D Wharfage & Transport, a subsidiary of the Powell Duffryn Group, and J H Bull & Co. (Shipping), a subsidiary of the Francis Parker Group, have decided to merge their respective interests in Newhaven, Shoreham and Littlehampton.

A joint company to be called Southern Port Services will start trading on June 1, 1981, and will be owned on a 50/50 basis by Powell Duffryn and Francis Parker.

WARD APPROVES TUNNEL PURCHASE

Shareholders of Thos. W. Ward have approved the proposed acquisition of Tunnel Holdings. The extraordinary general meeting also agreed to increase the authorised capital of Ward.

Acceptances of the offer should be received by Thursday.

ASSOCIATE DEAL

Rowe and Pitman, associates of British Sugar Corporation bought for discretionary clients 20,000 shares at 312p and 25,000 shares at 315p on Friday.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Ben Bailey Construction, MY Dart.

Finals: Bodycote International, Bord and Southern Stockholders Trust, Clement Clarke, Corinthian Holdings, English National Investment, Farnell Electronics, First Castle Electronics, Lake View Investment Trust, Leadenhall Sterling, Marlborough Property, Newarthill, M. F. North, Sheffield Brick, Silentnight, Sunlight Services, Tarmac.

FUTURE DATES

Interims:—	
Hepworth (J.)	May 5
Messina (Transvaal) Devpmt.	May 7
Whessoe	May 8
Finals:—	
Aberdeen Construction	May 7
Arrow Chemicals	May 1
Belgrave (Blackheath)	May 1
Blockleys	April 30
Brixton Estate	May 6
Central Sheerwood	Apr. 30
Continental Union Trust	May 6
Deritend Stamping	June 3
Harrison (T. C.)	Apr. 29
Hay (Norman)	May 7
London Atlantic Invest. Trust	May 27
MacLellan (P. and W.)	Apr. 30
Metal Box	June 8
Pearson Longman	May 5
Platignum	Apr. 30
Sphere Investment Trust	May 20
Sumner (Francis)	May 7
Tootal	May 5

Slough Estates in £2.3m sale

Slough Estates has sold the freehold of the 11,000 sq ft Clarendon House office block at Watford Junction to the Kent County Council Superannuation Fund for around £2.3m. The property is let to Shell UK at £72,500 per annum and is described as "highly reversionary," with rent reviews every five years.

Slough's annual report for 1980 notes that there has been a marked reduction in inquiries for industrial premises in all countries except Canada and Australia. "This may limit rental growth in the short term," says chairman Nigel Mobbs, "but, happily, most of the group's estates are located in areas where demand is still relatively good." He is satisfied that the current value of Slough's property portfolio exceeds the book value, and "expects some further profit growth in 1981."

CMT PAYS £0.65M FOR ANDERSONS

Central Manufacturing and Trading Group, a subsidiary of L.K. Industrial Investments, has acquired for around £650,000 Andersons Rubber Company from the receivers.

The business has been and will continue to trade under the name of Andersons Rubber Products. It manufactures protective clothing, industrial rubber and plastic products.

LAGANVALE DEAL COMPLETED

Laganvale Estate, the quoted Belfast property company in which Mr. Jim Slater has a significant interest, has completed its takeover of Strongmead, Mr. Slater's private property company.

Two directors of Strongmead, Mr. Peter Greaves and Mr. Peter Kellett, have joined the Laganvale board.

CENTREWAY TRUST

In response to the Centreway Trust offer for ordinary shares of Centreway Ltd., acceptances have been received for 719,749 shares (40.9 per cent) of the share capital. Centreway Trust owned 521,000 shares (29.6 per cent) prior to offer.

The offer is unconditional and will remain open until May 5, 1981.

RANK DISPOSAL

The Rank Organisation is selling its Bush trade marks — currently used by its wholly-owned subsidiary Rank Radio International — to Interstate Electronics.

Interstate is a distribution company specialising in consumer electronics products.

SHARE STAKES

Eleco Holdings — Following the purchase of Electra Fund Managers Temple Bar Investment Trust now has an interest in 924,000 shares (6.35 per cent).

Estates Property Investment Company — Phoenix Assurance Company is interested in 5,663,506 shares (29.95 per cent).

Transparent Paper — Okhai has disposed of 400,000 shares and no longer has an interest in the company.

F. Austin (Leyton) — Director Mr. R. Cradick has purchased 250,000 shares at 10p.

Sphere Investment Trust — The Post Office Staff Superannuation Fund is beneficial owner of 1,495,000 shares (5.03 per cent).

RESULTS AND ACCOUNTS IN BRIEF

APV HOLDINGS (Process and heat-transfer equipment manufacturer)—*Results for 1980 reported March 31.* Shareholders' funds £78.87m (£73.71m), medium and long term loans £13.33m (£12.64m) bank loans and overdrafts 4.91m (£5.91m), short term deposits £2.18m (£1.35m), bank balances and cash £4.85m (£5.4m). Meeting, Institute of Directors, London SW, May 12, at noon.

AURORA HOLDINGS (steel and engineering)—Results for 1980 reported April 9 with chairman's observations on prospects. Shareholders' funds £21.62m (£20.77m). Group net current assets £24.51m (£28.49m). Meeting, Sheffield, on May 21 at 12.30 pm.

BABCOCK INTERNATIONAL—Results for 1980 already known. Shareholders' funds £176m (£179m). Bank and other loans £56.47m (£51.3m). Bank and cash balances £15.25m (£22.68m). Meeting, 115 Pall Mall, SW, May 22, 12.30 pm.

BLACKWOOD HODGE (earthmoving equipment)—Results for 1980 reported April 10. Shareholders' funds £67.77m (£58.03m). Bank balances and cash £7.90m (£8.99m). Bank liabilities £46.3m (£40.45m). Meeting, Dorchester Hotel, May 28, 12.30 pm.

BOOKER McCONNELL (engineering, food, health products)—Results for 1980 reported April 7 in full preliminary statement with prospects. Shareholders' funds £136.1m (£126.1m). Loans and other non-current liabilities £17.16m (£13.29m). Meeting, 69 Cannon Street, EC, May 13, noon.

CAPE INDUSTRIES (building environment, insulation and brake linings group)—Results for 1980 reported April 7. Shareholders' funds £72.03m (£65.65m), cash and short-term deposits £1.79m (£8.31m); bank loans and overdrafts £12.06m (£2.4m). Meeting, Hyde Park Hotel SW1, May 19 at noon.

S. CASKET (HOLDINGS) (clothing distributor and retailer)—Results for the half year to end-December, 1980. Pre-tax profit £252,345 (£201,620), turnover £9.28m (£9.11m). No tax (same). Interim dividend 0.5p (same)—last year's total 1.75p. Chairman confident that company should continue to show improvement in profits. Stocks now at realistic levels and bank borrowings have been reduced dramatically.

WALTER DUNCAN GOODRICKE (investment holding company)—Results for 1980 reported April 15. Shareholders' funds £9.27m (£9.38m). Current assets £2.36m (£2.21m). Current liabilities £1.75m (£1.83m). Meeting, 5, John Lyon House, EC, on May 15 at 2.30 pm.

JAMES FISHER AND SONS (shipowners, ship and industrial brokers)—Results for 1980 reported on March 17. Shareholders' funds £15.18m (£12.77m). Cash at bank and in hand £1.68m (£1.88m). Debtors £2.3m (£2.39m). Creditors £2.5m (£2.21m). CCA pre-tax profits £1.32m (£1.8m). Chairman says current year has started quietly [illegible]. Whatever the result [illegible] the cost will be [illegible] and further diminish companies' competitiveness. Meeting, Barrow-in-Furness, May 13, at noon.

FRIZZELL GROUP (insurance, finance)—Results for 1980 already known. Shareholders' funds £8.04m (£7.61m). Bank overdrafts £692,000 (£520,000). Chairman's emoluments £64,569 (£52,502). CCA pre-tax £1.69m.

GLYNWED (engineering)—Results for 1980 reported April 9. Net current assets £24.95m (£31.92m), shareholders' funds £63.96m (£60.38m), medium and long term loans £34.72m (£33.02m), overdrafts and short term borrowings £16.04m (£16.21m), bank [illegible] £1.21m (£0.50m). Chairman [illegible] programme [illegible] investments and a good [illegible] in South Africa [illegible] 1981 will hopefully produce [illegible] results. Meeting, Birmingham, May 13, at 3 pm.

HARRISON COWLEY (HOLDINGS) (advertising)—Results for 1980 reported April 21 with prospects. Shareholders' funds £270,437 (£100,840). Bank and cash balances £524,570 (£270,053). Meeting, Bristol, May 20, noon.

HOME COUNTIES NEWSPAPERS—Results to January 2, 1981, already *reported. Shareholders' funds £2.84m* (£2.81m). secured overdraft £30,680 (nil). bank and cash £283,718 (£687,303). Chairman states that active steps, including redundancies, are being taken to curb losses indicated in first two months of current year. Meeting, Luton, May 11 at noon.

HORIZON TRAVEL — Results for November 30, 1980, year already known. Shareholders' funds £7.86m (£5.31m). Bank balances and cash £610,837 (£472,653). Provision for aircraft maintenance £307,616 (nil). Meeting, Birmingham, May 20, 2.30 pm.

G. AND G. KYNOCH (woollen cloth manufacturer)—Results for half year to end-February 1981: pre-tax profit £9,414 (loss £21,775): turnover £810,000 (£879,000); tax £1,462 (same). Directors say many overseas markets continue to be in recession and ordering pattern in some is slower than usual. This generates uncertainty in projections for the forthcoming months and demands caution and prudence. In spite of the improved results, board has decided once again not to pay an interim dividend.

LONDON BRICK COMPANY—Results for 1980 reported April 9. Shareholders' funds £62.02m (£57.73m). bank and other loans £1.78m (£2.51m), overdraft £5.31m (£3.86m). cash on deposit £7.72m (£11.63m), at bank and in hand £681,000 (£910,000). Meeting, Connaught Rooms, London, WC, May 20 at noon.

LONDON STRATHCLYDE TRUST (investment trust)—Results for half year ended February 28, 1981. Revenue £162,264 (£257,943) after tax £100,463 (£124,594). Earnings per share 1.13p (1.75p). Net asset value 87.6p (78.7p at August 31).

LOWLAND INVESTMENT COMPANY—Gross revenue for half year to December 31, 1980 £350,841 (£281,942), net revenue £182,042 (£157,135) after tax of £87,873 (£74,475) etc., stated earnings per share 2.32p (2.01p), interim dividend 1.75p net (1.6p), net asset value 103.5p (76.5p).

MACFARLANE GROUP (CLANSMAN) (packaging and printing)—Results for 1980 reported April 2 with chairman's observations on prospects. Shareholders' funds £8.26m (£4.99m). Bank overdraft £1.96m (£142,381). Meeting, Glasgow, May 19, noon.

METALRAX (HOLDINGS) (engineering)—Results for 1980 reported March 17. Shareholders' funds £6.4m (£5.62m). Net current assets £2.23m (£2.47m). Meeting, Birmingham, May 20, 11.45 am.

MILLER RAYNER (industrial clothing)—Results for October 31, 1980 year already known. Shareholders' funds £1.27m (£1.22m). Cash at bank £204,528 (nil). Bank overdraft nil (£67,050). Meeting, Leatherhead, June 4, noon.

NU-SWIFT INDUSTRIES (fire-fighting equipment manufacturer)—Results for 1980 reported on March 13. Shareholders' funds £3.91m (£3.93m); cash and bank balances £50,339 (£192,659); bank borrowings £398,027 (£85,769). Current cost pre-tax profit was £884,000 (£542,000). Chairman says 1981 will see the results from the market launch of a new range of powder extinguishers and a full year's contribution from the group's direct involvement in Australia. Meeting, Manchester, May 15, noon.

OCEANA DEVELOPMENT INVESTMENT TRUST—Net revenue for year to March 31, 1981 £7,684 (£7,377) after tax of £3,035 (£2,879), earnings per share 1.46p (1.51p), dividend 1.17p net (same), net asset value 47.1p (30.2p).

OCEAN TRANSPORT AND TRADING—Results for 1980 reported March 31. Shareholders' funds £281.2m (£254.2m), finance debts £197.8m (£207.2m), bank loans, overdrafts and short term loans £25.6m (£32.1m), bank balances and cash £43.5m (£26.6m), CCA pre-tax profit £24.6m against historic £35.5m. Meeting, Liverpool, May 11 at 2.30 pm.

OFREX GROUP (office supplies)—Results for 1980 reported April 1 with prospects. Shareholders' funds £22.68m (£21.06m). Short-term borrowings net of deposits £3.18m (£2.55m). Meeting, Stephen Street, W, May 21, 11 am.

PHICOM (data and video communications)—Results for 1980 reported April 2. Shareholders' funds £10.48m (£10.14m). Loans and overdrafts £5.1m (£4.19m). Cash at bank and short-term deposits £2.23m (£751,000). Meeting, 103 Oxford Street, May 18, noon.

PORTALS HOLDINGS (papermaking, water treatment, engineering and property group)—Results for 1980 already reported. Shareholders' funds £49.72m (£38.21m); cash and short-term deposits £5.27m (£4.13m); bank overdrafts £564,000 (£219,000) secured and £2.86m (£2.86m) unsecured. Current cost pre-tax profit £9.55m. Meeting, Howard Hotel WC2, on May 21 at 12.30 pm.

PROVIDENT LIFE ASSOCIATION OF LONDON—Results for 1980 reported April 15. Shareholders' funds £2.76m (£2.59m), market value of investments £5.82m (£4.75m), deposits £540,000 (£386,000), bank balances £118,000 (£152,000). Meeting, Abercorn Rooms, EC, May 21, at noon.

RANSOMES SIMS AND JEFFERIES (manufacturer of grass-cutting and agricultural machinery) — Results for year to January 3, 1981, reported March 5. Shareholders' funds £24.47m (£23.51m), loans £3.48m (£3.7m), bank overdrafts and short-term loans £13.59m (£11.2m), bank and cash £31,000 (£164,000). Meeting, Ipswich, May 7 at 3 pm.

ROCHE PLANT GROUP (mechanical handling equipment and plant services)—Results for 15 months to December 31, 1980: Turnover £6.03m (£3.85m re-stated for year to September 30, 1979); pre-tax profit £208,000 (£227,000); interest payable £507,000 (£245,000); depreciation £487,000 (£355,000); tax £37,000 (£22,000); net profit £169,000 (£205,000). Final dividend 0.5p (1.25p) for a total of 1.5p (1.25p). Stated earnings per 10p share 3.9p (4.9p). Company proposes changing its name to Roche Service Group. Board is confident that steps taken place the group in a position to continue to earn its fair share of available business which should lead to growth in trading activity in current year. Meeting, Great Eastern Hotel, EC, May 19, at noon.

SCOTTISH ONTARIO INVESTMENT (investment trust)—Gross revenue for year to end March, 1981, £1.56m (£1.62m). Final dividend is 2.15p, making net total of 3.15p (same) for year.

SCOTTISH UNITED INVESTORS—Net revenue for three months to March 31 1981 £501,288 (£444,366); net asset value per share 73.7p (69.7p) at December 31, 1980.

JOHN C. SMALL AND TIDMAS (knitted fabric manufacturer)—Results for 1980: sales £6.09m (£5.46m); pre-tax profit £110,918 (£167,965) after interest of £83,725 (£65,686); tax £15,428 (£18,344); retained £39,490 (£101,621); CCA profit £138,035; stated earnings per 25p share 7.96p (12.47p). Final dividend 1.5p (2p) making 3p (4p).

A. G. STANLEY HOLDINGS (paint and wallpaper retailer)—Results for year to December 27, 1980 reported April 9. Shareholders' funds £10.65m (£9.42m). Group fixed assets ...10.97m (£9.54m). Net current liabilities up to £654,807 (£370,194) with a rise in bank overdraft from £1.46m to £4.35m. Meeting, Orpington, Kent on May 20 at 4 pm.

SUPRA GROUP (motor components)—Results for 1980 already known: Shareholders' funds £5.51m (£5.17m). Group net current assets £1.74m (£1.69m). Depreciation has not been provided on the freehold buildings occupied by the group as required by SSAP 12. Assuming such buildings had a useful life of 50 years, a charge for depreciation would have amounted to £35,600. The accounts have been qualified as to this. Meeting, Warwick, May 21, at noon.

WESTERN MOTOR HOLDINGS (car distributor)—Results for 1980 reported March 28. Shareholders' funds £8m (£6.6m). Bank overdrafts £3.07m (£3.5m). CCA pre-tax £580,000 (£622,000) loss. Meeting, Plymouth, May 27, 12.30 pm.

JAMES WILKES (manufacturer of computer software and business stationery)—Results for 1980 already reported. Shareholders' funds £3.07m (£3.45m), overdrafts £1.06m (£948,215), bank balances and cash £54,674 (£57,188). Directors state it is not practicable to quantify the financial effects on the group of continuing industrial action following the issue of redundancy notices at Wilkes Business Forms, a subsidiary. Meeting, Wolverhampton, May 18 at 2.30 pm.

WINTERBOTTOM ENERGY TRUST—Net asset value per share at April 24 1981 70.9p after deduction of prior charges at par and 72.5p after deduction of prior charges at market value.

WIRE AND PLASTIC PRODUCTS—Results for 1980: Pre-tax profit £379,099 (£423,475). Turnover £2.51m (£2.31m). Tax £140,258 (£192,031). Final dividend 1.22p (1.12p), making 1.95p net (1.85p). Stated earnings per 10p share 6.84p (6.62p).

STEWART WRIGHTSON HOLDINGS (insurance, shipping and air broker)—Results for 1980 reported April 10 with chairman's observations on prospects. Shareholders' funds £31.62m (£31.34m). Debenture and bank loans £5.77m (£910,000). Group net current assets £11.33m (£9.23m). Meeting, The Baltic Exchange, EC, on June 5 at noon.

BRITISH SUGAR, OF COURSE

FACT 1 British Sugar relies on one agricultural crop, grown in a climate whose day-to-day variability is a by-word. Yet British Sugar's record is one of steady progress. Sales have grown in nine out of the last ten years, and profits after tax in eight. Both have grown without a break for the past five years, a record of consistent success any UK company might envy. The truth is that nature — even in Britain — has a way of balancing things out.

FACT 2 Ten years ago the brand named Silver Spoon did not exist. Today, Silver Spoon is the largest selling brand in any grocery product field — larger than any brand of tea, butter, detergent or breakfast cereal.

FACT 3 British Sugar has been in growing partnership with farmers since 1936. The Company buys all the beet grown in the UK, negotiating the price each year with the NFU. Over the years, there has been close co-operation between the 14,000 farmers who grow beet, and British Sugar's research and agricultural teams. Beet is one of the most profitable arable crops, and the "banker" for many arable farmers.

FACT 4 If we do well by the farmer, we also look after the housewife. Over the past five years the Retail Price Index has increased by 65% more than the price of sugar.

FACT 5 Over the past five years British Sugar has spent £150 million modernising and expanding key factories. This has increased efficiency and as the factories really get into their stride over the next few years you should see an increasingly better performance. Good news for shareholders. But more on that later.

BRITISH SUGAR
CORPORATION LIMITED
THE RECORD SPEAKS FOR ITSELF

The Directors of British Sugar Corporation Limited have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate, and they jointly and severally accept responsibility accordingly.

Companies and Markets

UK COMPANY NEWS

Interim setback at S. Lyles

DESPITE A drop in taxable profits from £365,456 to £202,364 for the first half year to end-December, 1980, S. Lyles is maintaining its interim dividend at 2p net—last time's final was 3.5p.

Turnover slipped from £6.8m to £5.56m but the directors say that sales and profits in the second half are both likely to show some improvement over the interim figures.

After a tax credit of £70,000 (£190,053 charge), stated earnings per 20p share for the six months were 6.95p (4.28p). The tax was after crediting £147,000 stock relief released, without which earnings would have been 2.9p.

The company is a carpet yarn spinner and dyer.

Britannia Arrow set to expand

Britannia Arrow Holdings, the finance, property, publishing and distribution company, plans to extend into further areas of financial services and to expand its other activities in order to increase profitability, says Mr. Geoffrey Rippon, MP, chairman, in the 1980 annual report.

To assist these plans, an increase in the authorised capital is being proposed. This will provide a total of 9.3m ordinary shares (after providing for all conversion and option rights of 7.9m shares) available for issue.

Group taxable profits jumped 85 per cent from £1.52m to £2.86m for 1980 and Mr. Rippon looks forward to further expansion, with the fund management division already showing an improvement in unit sales in the current year.

At the year-end, shareholders' funds stood at £26.61m (£18.07m): bank balances and cash were £13.04m (£16.23m) and bank borrowings had been reduced from £7.48m to £2.51m.

Meeting, Connaught Rooms, W.C., May 20 at 11.30 a.m.

Aveling Barford recovering

Although turnover slipped by 7 per cent from £31.4m to £29.1m, **Aveling-Barford**, construction equipment subsidiary of BL, reduced its trading loss from £7.9m to £4.9m for 1980.

The company's recovery programme, implemented at the beginning of 1980, envisaged a major restructuring of activities. As a result there was a £24.9m credit, arising from the sale of a subsidiary together with the release of previously-made provisions for losses in other subsidiaries—this is shown within extraordinary items of £24.1m (£14.9m debits).

Although no early upturn in demand is anticipated, Aveling-Barford is cautiously forecasting to be trading at, or near, break-even by the end of the year, the directors state.

Ben Williams falls deeper into the red

Losses at **Ben Williams and Co.**, have accelerated and this wholesale clothing manufacturer finished 1980 some £145,000 in the red. In the second half of last year a loss of £9,353 cut the full year's profit to £10,348 and for the first half of 1980 a £17,000 deficit was incurred.

Turnover for the 12 months fell from £1.95m to £1.7m, there was a tax credit of £900 (£2,914 charge) and dividends cost £3,100 (£7,624).

Kennedy Brookes confident

In 1980-81 **Kennedy Brookes** would have the benefit of many more branches reaching their full potential and contributing towards profits, Mr. M. Golder, chairman, told the annual meeting.

Therefore, he confidently expected a significant increase in profits.

He said compared with last year's turnover of £1.28m, sales were currently running in excess of £2.7m per annum. It was the intention to carry on with the development programme while the capital cost of new restaurants remains low, and four major projects were being considered.

The shares are currently dealt in under Rule 163 (2), but the directors intend to apply for admission to the Unlisted Securities Market.

Stylo Shoes maintains 3p

Pre-tax profits of **Stylo Shoes**, the Bradford-based footwear retailer and wholesaler and manufacturer of sports footwear, fell from £429,000 to £222,000 for the year to end January, 1981, on increased sales for 53 weeks of £31.02m (£28.76m).

The group had, however, recovered from a half year pre-tax loss of £1.09m (£717,257 loss) when it had borne the cost of running down its Northampton distribution centre.

In spite of the fall in profits, the directors are recommending a maintained dividend of 3p.

Earnings per 25p share emerged at 5.62p (3.31p) and, after excluding the tax credit, at 0.84p (3.31p).

Hunting Pet. up 41% to £4.15m

PRE-TAX PROFITS of **Hunting Petroleum Services** for 1980 jumped by 41 per cent, from £2.93m to £4.15m, despite a fall in turnover to £121.38m, compared with £163.06m. At midyear profits had risen from £1.21m to £1.93m and the directors predicted a similar upturn for second half.

For the current year, however, Mr. Clive Hunting, the chairman, believes the company is going to have to work very hard to maintain the same level of results as those achieved in 1980—although he says prospects for further growth in subsequent years remain good.

A final dividend of 4.5p (4p) raises the total for the year by 1p to 6.5p net.

After tax of £1.24m (£966,000) and minorities of £383,000 (£254,000) the attributable balance emerged at £2.52m (£1.71m). Stated earnings per 25p share rose from 17.86p to 26.32p.

The advance in profits is put down to the performance of the group's U.S. exploration company and also its oilfield services division—particularly the activities concerned with directional and turbo drilling.

● comment

With enviable consistency, **Hunting Petroleum Services** has repeated its achievement of 1979 with a pre-tax profit increase of 41 per cent. Profits from drilling and other oilfield services rose by 72 per cent, outshone by the almost fourfold improvement in the U.S. oil and gas profits. At 216p, Hunting now sells on a fully-taxed and diluted multiple of slightly over 14. After this year's 18 per cent increase in dividends, the yield is still no more than 4.4 per cent. This premium rating fully discounts similar growth next year from each of this year's sources; an assumption which Hunting itself does not encourage at this stage. The downstream parts of the group, which all had a harder time in the past year, are likely to remain in the doldrums until oil markets tighten again.

Pru invests £100m of its new money overseas

The Prudential Corporation last year invested £100m of its new money on UK life business in overseas equities compared with only £65m in UK equities out of a total of £600m available for investment from this source.

This was revealed in the 1980 report and account of the Pru, but it represents a rather special circumstance. The progress report explains that with the removal of exchange controls, the Pru decided to hold 10 per cent of its equity portfolio on its UK life funds in overseas equities. It decided to do this in one move by concentrating the investment of new money into overseas equities, and it had achieved its target by the end of 1980.

The market value of overseas equities in the UK life funds now exceeds £350m, with extensive portfolios in North America, the Far East and Europe.

The Pru invested a substantial portion of its new UK life money in gilts—£280m, albeit at a lower ratio than in 1979. A further £59m was invested in property, of which two-fifths was in developments. The progress report emphasises that the market for prime properties remains keen and developments are likely to show better returns.

Total insurance funds at the end of 1980 amounted to £6.59bn and shareholders funds £193m. The combined portfolios had a book value of £6.59bn, with a market value nearly 50 per cent higher at £9.31bn.

Lord Carr, in his chairman's statement referred to the domestic economic scene and the unexpected depth of the recession. He warned of the danger of permanent damage to the country's industrial base, from which eventual recovery had to come.

See Lex, Back Page

SUN ALLIANCE

The Sun Alliance and London Insurance was a heavy investor in overseas equities last year. Lord Aldington, in his chairman's statement, points out that of the £12 of general funds and £29m of life funds invested in equities, most of the money was put overseas. Life funds also invested £28m last year in gilts and £15m in property, while general insurance funds invested £40m in fixed interest and £9m in property.

Lord Aldington referred to the public concern over the handling of complaints by the insurance industry. But this concern did not apply to the Sun Alliance which in 1980 had less than 200 complaints out of no fewer than 400,000 claims paid on individual policyholders. He pointed out that in the few cases where the group was in error it was rectified as soon as possible.

World Bank 'bulldog' bond issue

BARING BROTHERS has confirmed that it will today launch a £100m, five year bond issue in the domestic sterling market for the World Bank.

This is the fifth such "bulldog" issue to be launched since the market was reopened last summer, but only the second to be floated on an "offer for sale" basis which will allow the bonds to be included in the gilts list. The other three were sold by placement.

The interest rate and price of the issue will be set tomorrow to give a ½ percentage point gross redemption yield premium over the Treasury 12 per cent 1986 gilt-edged stock. Yesterday the Treasury stock was quoted at 97¼ per cent to yield 13.03 per cent.

The eight other members of the management group are Hambros Bank, Hill Samuel, Kleinwort, Benson, Lazard Brothers, Morgan Grenfell, N. M. Rothschild, J. Henry Schroder Wagg, and S. G. Warburg. Brokers to the issue are Cazenove, W. Greenwell and Rowe and Pitman.

Pentland at £1.24m year-end

ON TURNOVER up from £15.86m to £28.1m pre-tax profits of Pentland Industries for 1980 advanced to £1.24m, compared with £1.03m following a £97,000 rise at mid-year to £419,000.

The dividend is being stepped up from 1.271p to 1.65p net with a final of 1.3p (1p).

Tax took £933,000 (£783,000) after which stated earnings per 10p share improved to 8.9p (7.54p). The attributable balance rose to £920,000 (£786,000), but on a CCA basis this is reduced to £687,000.

Scottish Northern revenue rise

Revenue of the **Scottish Northern Investment Trust** came out higher at £1.86m for the year ended March 31, 1981, compared with £1.7m, after tax of £956,983 against £774,980.

The dividend is increased from 3.14p to 3.45p net per 25p share with a final payment of 2.25p.

Earnings are shown as 3.46p (3.15p) and total net assets were £81.43m (£63.37m), or 140.12p (101.4p) per share.

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MINING NEWS

More Canadian profits retreat

BY GEORGE MILLING-STANLEY

FIRST-QUARTER earnings of two of Canada's leading metals companies were severely affected by the substantially lower metal prices prevailing. The results look particularly bad in comparison with the first quarter of 1980, a period when most metal prices were exceptionally high.

At Cominco, the metals and chemicals arm of the Canadian Pacific group, lower prices for silver, lead and tin combined with higher operating costs and interest charges to cut net prices to C$16.3m (£6.4m) or 84 cents a share, reports John Soganich from Toronto.

This compares with C$45.4m in the final quarter *of last year*, and is a full 73 per cent below the buoyant first quarter of 1980.

Cominco said that all its operations performed satisfactorily during the three months, with production levels above those of the comparable period. Sales volumes for all major products were also higher, but profit margins were hit by the decline in prices.

The company raised its prices *for lead and zinc late in the first* quarter, and this should begin to have a favourable impact on earnings during the second quarter, according to Mr. Norman Anderson, chairman.

The higher interest charges resulted from Cominco's decision to raise its holding in **Bethlehem Copper**, now standing at 98 per cent, and **Valley Copper Mines**, now 92 per cent. The modernisation of the metallurgical complex at Trail, British Columbia, also led to higher financing charges.

First quarter net profits of **Noranda Mines** fell to C$60.7m or 60 cents a share from C$101.3m or C$1.04 in the first three months of 1980.

Mr. Alfred Powis, Noranda's chairman, said of the 40 per cent decline in profits that "during what seems to be the bottom of the current recession, markets for virtually all of the company's products have been soft."

He went on to point out that in constant dollars, first quarter prices were for the most part substantially lower than in the depths of the previous recession in 1976-77.

Noranda expects full-year earnings to be lower than in 1980, but is still hopeful of an *upturn in the latter part of the* year. *If this does come about*, the company could have a "very good year" in 1982.

Setback for Samancor

THE WORLDWIDE slowdown in steel production cut sharply into profits of **South African Manganese Amcor** (Samancor) last year.

The company, the world's biggest producer of manganese and a major producer of ferro alloys and iron ore, returned net profits of R25m (£14m) for the 14 months to February 28, compared with R61.7m for the year ended December 31, 1979, reports our Johannesburg correspondent.

The final dividend is cut from 14 cents to 4 cents for a total of 8 cents, compared with 18 cents in 1979. Earnings fell to 17.7 cents a share from 44.1 cents.

During the final eight months of the period, Samancor followed the example of other South African producers of ferro alloys and closed some of its production capacity.

The company said that it had been unsuccessful in negotiationg sufficiently high prices for its alloys, especially chrome, to offset higher costs.

Samancor's management believes that markets for ores and ferro alloys will remain weak during the current financial year, and warns that lower profits are to be expected. The mining operations are still working well below capacity.

The State-owned steel producer Iscor has a 45 per cent stake in Samancor, while a further 14 per cent is held by the **Anglo American Corporation** group.

Gloomy outlook at MKU

THE LIFE expectancy of the **Rio-Tinto Zinc** group's **Mary Kathleen Uranium** operation in Australia has been sharply reduced by the 30 per cent fall in world spot prices for uranium oxide.

Shareholders at yesterday's annual meeting in Melbourne also heard forecasts of poorer earnings, and were given no indication of when dividend payments can be expected to start, reports our Sydney correspondent.

Mr. Jack Liebelt, chairman, said that on present indications, all potentially economic material is likely to be produced by the middle of 1983.

It was thought that the operation had sufficient reserves to keep the mine and treatment plant working until 1984, but the fall in the spot price has cast doubt on the company's ability to sell at an economic price all or part of the 1,200 tonnes not committed to long-term contracts.

Prices have been finalised for the portion of this year's output not priced at the time of the annual report, Mr. Liebelt said. Because of the current weakness in the market, average prices for this year's deliveries will be about 15 per cent lower in real terms than in 1980.

On the question of dividends, he repeated earlier forecasts that outstanding loans to the Australian Government and CRA would be discharged this year, freeing MKU from restrictions against paying dividends.

However, the company does not expect to be in a position to make any statement about payments until early next year, as there are several areas of uncertainty surrounding MKU's position. These include the expected lower earnings this year, the company's tax position and the likely costs of rehabilitating the area of operations.

RTMZ sees a hard year

LOWER PROFITS and dividends for 1981 are forecast by **Rio Tinto Mining Zimbabwe (RTMZ)**, but the group is confident that things will be better in 1982.

Mr. Bill Rickards, chairman, said he could not forecast a dividend of more than 12 cents (8.25p) a share this year, compared with 16 cents in 1980. Higher dividends should be resumed next year when the medium-sized Renco gold mine comes on stream.

The Zinca platinum pilot plant will come into operation early this year, and by the end of the year the company should be able to decide whether to establish a large mine at the site.

RTMZ has sent to the Government a report setting out various alternatives for the development of the Sengwa coal property.

LONDON TRADED OPTIONS

(April 27 Total contracts 1,945)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	330	54	10	—	—	—	—	392p
BP	360	24	52	44	—	54	—	"
BP	390	3½	15	26	2	38	9	"
BP	420	½	—	14	5	22	—	"
BP	460	¼	1	8	5	—	—	"
Com. Union	160	6	11	17	21	22	—	165p
Com. Union	180	½	—	8	10	14	—	"
Cons. Gold	420	53	5	73	—	85	5	470p
Cons. Gold	460	13	8	45	1	60	—	"
Cons. Gold	488	3	2	—	—	—	—	"
Cons. Gold	500	—	—	25	1	40	1	"
Cons. Gold	550	—	—	10	—	18	1	"
Courtaulds	50	26	4	27	—	28	—	75p
Courtaulds	60	16	26	16½	6	19	6	"
Courtaulds	70	6	72	10½	30	13	7	"
Courtaulds	80	—	—	5	22	8	29	"
GEC	550	142	8	160	—	175	—	691p
GEC	600	92	15	110	3	125	—	"
GEC	650	42	3	68	3	87	—	"
GEC	700	3	13	32	18	50	—	"
Grand Met.	160	48	1	54	—	57	—	207p
Grand Met.	180	28	12	34	6	38	1	"
Grand Met.	200	8	17	18½	14	25	2	"
Grand Met.	220	—	—	9	38	14	1	"
ICI	240	74	—	86	3	90	3	312p
ICI	260	54	6	66	2	70	1	"
ICI	280	34	12	46	29	50	42	"
ICI	300	14	160	34	48	37	20	"
ICI	330	½	8	17	138	—	—	"
ICI	360	½	1	9	77	—	—	"
Land Sec.	390	38	12	47	6	61	—	424p
Land Sec.	420	8	7	28	6	42	—	"
Land Sec.	460	½	—	10	5	21	1	"
Marks & Sp.	100	39	10	42	60	—	—	138p
Marks & Sp.	110	29	5	33	3	37	—	"
Marks & Sp.	120	19	48	24	8	28	20	"
Marks & Sp.	130	9	25	15	106	20	2	"
Marks & Sp.	140	—	—	7½	114	11½	30	"
Shell	330	54	—	66	—	78	4	380p
Shell	360	24	1	44	1	56	—	"
Shell	390	2	77	28	4	38	—	"
Shell	420	¼	—	15	24	24	9	"
Shell	460	¼	10	7	4	16	—	"
Shell	500	¼	—	4	5	—	—	"
Shell	550	¼	2	2	—	—	—	"
Totals			653		828	-	194	
		May		August		November		
Barclays B'k	420	20	16	37	—	50	—	455p
Barclays B'k	460	4	2	18	3	26	2	"
Imperial Gp.	80	2	47	4½	30	5	20	75p
Lasmo	550	17	14	34	1	47	—	530p
Lasmo	600	6	4	22	1	32	—	"
Lasmo	700	1	—	10	5	13	10	"
Lonrho	100	3	—	6½	—	9½	1	95p
Lonrho	110	1	9	4	11	6½	—	"
P. & O.	140	18	5	23½	—	28½	—	158p
P. & O.	160	4	18	11	7	16	6	"
P. & O.	180	2	4	5	2	8	15	"
Racal Elec.	360	23	—	42	3	54	—	374p
Racal Elec.	390	7	—	23	8	37	—	"
RTZ	390	92	—	95	—	110	5	478p
RTZ	420	—	—	67	2	90	2	"
RTZ	454	30	5	—	—	—	—	"
RTZ	460	—	—	47	4	65	—	"
RTZ	494	8	9	—	—	—	—	"
RTZ	500	—	—	27	—	40	1	"
Totals			153		77		60	

Companies and Markets **UK COMPANY NEWS**

Brook St. payment cut as profits dive

SECOND HALF profits of Brook Street Bureau of Mayfair slumped from £1.56m to £0.59m, leaving the 1980 pre-tax result £1.37m lower at £1.34m. The directors also warn of considerable losses during the first half of the current year and have cut the dividend total from 4.135p to 2.135p with a final payment of 1p net.

At midterm, when profits of this clerical and administrative staff agency declined from £1.15m to £755,000, the directors said they did not necessarily expect second half trading to yield a profit.

They now say the second half proved more profitable than anticipated. This was largely due to rigorous controls of costs, prompt closure of unprofitable branches and higher than forecast contributions from Australian and U.S. subsidiaries.

The fact that in recent weeks there has been some improvement in both permanent and temporary business suggests that the group is past the worst of the recession but it provides insufficient grounds for any real hope of a return to profitable trading before the autumn, the directors add.

Turnover for the 12 months was down to £22.06m (£25.81m). Tax took £565,840 (£1.29m), earnings per 10p share totalled 7.49p (13.73p) and dividends absorbed £220,746 (£427,534).

CCA adjusted pre-tax profit was £1.08m (£2.38m).

Allebone finishes year well down at £59,000

AFTER SUFFERING a higher loss at midway, up from £68,000 to £119,000, Allebone and Sons, footwear manufacturer, came back to profit in the second half but the full-year taxable figure was well behind at £59,000 against a previous £295,000. Turnover for the period ended January 31, 1981 was also down from £15.82m to £14.05m.

The directors say there is the prospect of some improvement in the current year, with the result that an unchanged final dividend is being recommended of 1p net per 10p share—this is the total for the year, the same as last time.

Throughout most of the year retail demand was low and competition intense, the directors state. In both the retailing and manufacturing divisions the emphasis has been on cutting operating costs and improving efficiency. With reductions in stocks and borrowings these measures "will stand the group in good stead for the future."

Trading profits of £466,000 (£762,000) were split as to: retailing £507,000 (£610,000), and manufacturing £41,000 loss (£152,000 profits).

Profit, before tax, was struck after interest of £407,000 (£467,000) and before a tax credit of £81,000 (£24,000 charge). After an extraordinary credit of £242,000 (£193,000 debit) the attributable balance came through well ahead at £382,000 (£78,000).

Dividends will absorb £73,000 (same) leaving a retained amount of £309,000 compared with £5,000. Earnings per share are shown as 1.9p (3.7p).

During the year the group completed the sale of the properties vacated during the reorganisation programme in 1979, the surplus of £242,000 being included in the extraordinary items.

Vimto overseas expansion

Although he feels it is difficult to forecast the outcome of the current year's trading, Mr. P. Nichols, chairman of J. N. Nichols (Vimto), cordial manufacturer, says that a steady expansion of home trade sales can be anticipated throughout the group.

Mr. Nichols tells members, in his annual review, that export sales reached a record figure, and for the first time for a number of years demand was fully met. This resulted in a larger than usual amount of stocks being held in export markets at the end of December.

"These, together with the higher rate of exchange of sterling, have resulted in a considerable reduction in demand at the beginning of 1981." The directors, he says.

As reported on March 19, pre-tax profits were £1.84m for the nine months ended December 31, 1980, compared with £1.81m for the previous year. The dividend is effectively unchanged at 7p net.

Gerrard and National lifts dividend 2.5p

After providing for tax and a transfer to inner reserves, Gerrard and National Discount Company bounced back into the black in the 12 months to April 5, 1981, the discount house and banker emerging with a profit of £5.8m, compared with a loss of £1.12m. The comparative figure was struck after a tax charge only.

The total dividend is being stepped up from 11.5p to 14p net with an increased final of 9p (6.5p). At midyear, with profits "markedly higher," the directors said a rise in the final dividend was likely.

There was a transfer to general reserve of £1.5m (same)—this reserve, at the year-end, was at a higher figure than ever before.

Total assets are given as £1.46bn, compared with £1.2bn, and year-end shareholders' funds were £30.18m (£25.08m).

Dividend payments absorb £2.09m (£1.73m).

See Lex, Back Page

MURRAY WESTERN

Murray Western Investment Trust is to make a cash distribution to "B" ordinary shareholders on May 22. The maximum distribution will be 78p.

Furnell Eng. goes into receivership

Furnell Engineering, the "spy in the cab" company, has gone into receivership after expanding during the UK recession.

Based in Spalding, Lincolnshire, Furnell repairs lorries and buses, and is an approved installer and service of tachographs, now compulsory in Britain.

The tachograph gives a complete record of a vehicle's mileage and driving times and ha become known as the "spy in t cab." Furnell expanded i premises to handle all vehic sizes and permit instrumer calibration.

Mr. John Doleman of accountants Touche Ross has bee appointed receiver and manage of Furnell, which employs 10 people.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$475	—	—	6	34A	—	—	$484
GOLD C	$500	3	11	1	42A	2	62	"
GOLD C	$525	5	5.50A	2	26A	—	—	"
GOLD C	$550	—	—	2	19	1	33	"
GOLD P	$475	33	10	5	20B	—	—	"
GOLD P	$500	9	22B	10	38	1	39	"
GOLD P	$525	5	41	—	—	—	—	"
		June		Sept.		Dec.		
GM C	$60	—	—	1	3	—	—	$57¼
SEAR C	$16	5	5⅛	—	—	—	—	"
SEAR C	$20	15	1¼	—	—	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	5	17	—	—	—	—	F.293
ABN C	F.300	45	6.30	2	8	—	—	"
ABN C	F.320	30	1.50	—	—	—	—	"
AKZO C	F.17.50	14	7.20	1	7.80 A	—	—	F.24.50
AKZO C	F.20	84	5	47	5.50	—	—	"
AKZO C	F.22.50	149	3	70	4	—	—	"
AKZO C	F.25	361	1.70	331	2.90	36	4	"
AKZO C	F.20	—	—	11	0.90	—	—	"
AKZO P	F.22.50	40	0.50	2	1	—	—	"
AKZO P	F.25	40	1.30	59	2.30	20	3.30 B	"
AMRO C	F.55	2	3.70	8	4.10B	5	5.20	F.57.40
AMRO C	F.60	—	—	9	180	—	—	"
AMRO C	F.70	1	0.10	—	—	—	—	"
KODA C	$.90	2	1¾	—	—	—	—	$82
HEIN C	F.55	23	2.10	—	—	—	—	F.55.10
HEIN C	F.60	1	0.90	1	2.10A	—	—	"
HEIN P	F.50	—	—	31	2.50	—	—	"
HEIN P	F.55	21	3.70	1	5	—	—	"
HOOG C	F.12.50	—	—	2	8	—	—	F.19.60
HOOG C	F.20	—	—	14	2.90	—	—	"
IBM C	$65	110	1½	—	—	—	—	$61⅞
IBM C	$70	—	—	1	1⅞	—	—	"
IBM P	$60	2	2⅛	—	—	—	—	"
KLM C	F.65	10	66.70	—	—	—	—	F.125.30
KLM C	F.70	5	55B	—	—	—	—	"
KLM C	F.80	5	45B	1	46.20	—	—	"
KLM C	F.90	10	36	—	—	—	—	"
KLM C	F.100	23	27.50	10	31	—	—	"
KLM C	F.110	25	20.50	2	25.50	—	—	"
KLM C	F.120	56	14.80	7	19	—	—	"
KLM C	F.130	119	9.40	11	12.20	—	—	"
KLM P	F.80	10	0.90	—	—	—	—	"
KLM P	F.90	44	1.30	1	3.60	—	—	"
KLM P	F.100	44	3.50	2	6.50	—	—	"
KLM P	F.110	9	5.80	10	10.50	—	—	"
KLM P	F.120	48	9.80	—	—	—	—	"
KLM P	F.130	15	15.40	17	18	—	—	"
NATN C	F.110	1	11A	—	—	—	—	F119.30
NATN C	F.115	—	—	10	9	—	—	"
NATN C	F.120	2	4.20	1	7.20	—	—	"
NATN C	F.125	1	2.50	3	4.50	—	—	"
NATN P	F.115	—	—	20	2.50	—	—	"
PHIL C	F.17.50	1	4	56	4.20	—	—	F.21.40
PHIL C	F.20	9	1.90	44	2.30	1	2.80	"
PHIL C	F.22.50	127	0.90	340	1.30	27	1.70	"

TOTAL VOLUME IN CONTRACTS 3719

A=Asked B=Bid C=Call P=Put

APPOINTMENTS

COMPANY NOTICE

U.S.$75,000,000
HYDRO QUEBEC
10% due 15th May 1999

Debentures covering US$ 2,000,000 have been purchased on the market to satisfy the Purchase Fund due 15th May 1981.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA (ENEL)

U.S. $100,000,000

Floating Rate Debentures due 1987

Convertible at the holders' option into

9½% Fixed Rate Debentures due 1995

Guaranteed by the Republic of Italy

In accordance with the provisions of the Debentures, notice is hereby given that for the six month Interest period from 28th April, 1981 to 28th October, 1981, the Debentures will carry an *Interest Rate of 16⅜ per cent per annum* and that the interest payable on the relevant Interest Payment Date, 28th October, 1981 against Coupon No. 2 will be U.S. $851.46.

The Sumitomo Bank, Limited
Agent Bank

Shell Oil earnings show slight drop for first quarter

BY PAUL BETTS IN NEW YORK

SHELL OIL, the fourth largest producer of crude oil in the U.S. and which is 69 per cent owned by the Royal Dutch/Shell group, yesterday reported a modest decline in first quarter earnings to $361m from the $373m in the first three months of last year.

The earnings decline, although smaller than the average drop of about 20 per cent reported by other major U.S. oil companies in the first quarter, reflects the current softness of the downstream market, with sluggish conditions reducing demand for petroleum and chemical products.

As in the case of other major oil companies, declines in downstream opeartions were only partially offset by higher earnings from oil and gas production and exploration.

Shell said its oil and gas exploration and production profits in the first quarter rose by $63m to $375m. But it added that much of the benefit from higher crude oil prices was absorbed by the U.S. windfall profit tax.

Oil products earnings declined from $72m in the first three months of last year to $27m, while chemical earnings were down from $22m to $6m.

But Mr. John Bookout, the President of Shell Oil, said that despite the first quarter earnings decline he expected full year results to be higher than in 1980. "This outlook depends on continued strength in oil and gas exploration and production and improved margins in our oil and chemical products businesses during the balance of the year," he said.

The company increased first quarter revenues to $5.41bn compared with $4.8bn. Per share profits came to $1.17 against $1.21.

● Earnings virtually stagnated in the first quarter of the year at Union Oil of California, the West Coast refiner and oil marketing group. Total net profit edged forward from $152.9m to $154.5m or 89 cents a share. Sales grew from $2.38bn to $2.67bn.

Board reshuffle at White Motor

By Ian Hargreaves in New York

WHITE MOTOR, the U.S. heavy lorry manufacturer currently in bankruptcy, has re-shuffled its top management, appointing Mr. Wallace Askins, its chief financial officer, as chairman.

The change, which removes Mr. Cruse Moss from the top job in the company, was made in order to head off the appointment of a court trustee, the equivalent of a receiver, to complete the reorganisation of the company's affairs, Mr. Moss will remain a director.

The move, however, does not shed any further light on whether White will emerge from the bankruptcy proceedings with the core of its heavy duty truck business in the U.S. still intact,

Daimler - Benz of West Germany has for some time been considered the most likely buyer of White's truck operations, which it would then merge with the lorry-building subsidiary of Consolidated Freightways which Daimler - Benz recently bought.

There has been speculation, however, that other U.S. truck builders, alarmed at the rapid expansion in the U.S. of the West German group, are seeking an alternative means of keeping White's business in U.S. hands.

White Motor itself has offered little up-to-date information on proceedings. The company has yet to file a formal plan of reorganisation, although the change in top management is an indication that this step may now not be far away.

White has already sold several smaller divisions, but since entering bankruptcy last September has maintained that it would emerge from Chapter 11 of the bankruptcy code as a viable company.

IBM president forecasts acceleration of growth

BY OUR FINANCIAL STAFF

MR. JOHN R. OPEL, the president of International Business Machines Corporation, told the annual meeting he believed IBM was at the "beginning of an acceleration" in the historical growth rate of its earnings and revenues.

He declined to be more specific, but said he believed IBM's high level of capital spending over the past few years would create the kind of earnings and revenue growth rates that could be characterised as a turnaround.

In 1980 IBM earned $3.56bn, or $6.10 a share, on gross income of $26.21bn, compared with net profits of $3.01bn, or $5.16 a share, on gross income of $22.86bn in 1979.

Mr. Opel said IBM planned to moderate the rate of its capital spending and its rate of plant expansion after 1982.

Ian Hargreaves on why a U.S. aerospace group's shares are performing poorly

Lockheed grounded by TriStar

A FIRST glance at a graph tracing the share price of Lockheed, the Californian aerospace company, over the past 15 months is, on the face of things, rather confusing.

Early in 1980, Lockheed's share price behaved like that of most other defence companies—60 per cent of Lockheed's sales are to the Pentagon—soaring above $48 soon after the Soviet Union's intervention in Afghanistan. But, unlike most other defence stocks, Lockheed has not held or built on this advance, and last week the stock was loitering in the high $30s at a time when the Dow Jones Industrial Average has touched an eight-year high.

The explanation is simple. Lockheed's stock is carrying a high risk premium because of the continued heavy losses from its only civil aerospace programme the L1011 TriStar, and the uncertainty about when those losses will end and, the equally great uncertainty as to whether Lockheed will win the $2bn CX air transport contract which the Pentagon is expected to award next month. Boeing and McDonnell Douglas have also entered bids, which apart from the manned bomber contract, will probably be the biggest to be awarded by the present Administration.

A subsidiary reason for caution about the stock lies in the nature of Lockheed's defence orders, which chiefly covers well-established programmes which are consistently profitable but which stand to receive only modest increases in resources from the Reagan Administration's military spending.

An assessment of the Lockheed risk factors must begin with the TriStar, the wide-body jet which entered service in 1972, a couple of years after Lockheed was forced to the brink of bankruptcy by the TriStar programme and heavy losses on two military projects. Government loan guarantees and the forbearance of its bankers were necessary for Lockheed's rescue.

Since 1972 the TriStar has been beset by major problems. At first, competing with the also newly-launched Douglas DC-10, it was a poor seller. Short of funds, Lockheed was unable to offer the aircraft in an adequate range of variants, a situation made worse by the associated bankruptcy of Rolls-Royce, which made engines for the TriStar. Between 1975 and 1978, there were only 13 orders for TriStars. Weighed down by its overheads, the programme incurred heavy losses.

In 1978, with a langer range version available, orders picked up to 30 in that year, but as Lockheed increased the rate of production, it found that its competitors, notably Boeing, had cornered the services key subcontractors and supplies of components and that skilled labour was in short supply in California. Deliveries were late, productivity went to pieces, and in 1980 the TriStar started to cause losses of a magnitude which not even the most pessimistic Wall Street analyst h adthought possible.

In the past six years, the TriStar losses have totalled $845m, which includes amortisation of deferred charges of $272m. But by the end of last year, an additional $280m of deferred charges still remained to be written off. Lockheed says it has greatly improved productivity and supplies, mainly because of a sharp fall in demand throughout the industry. But the programme is expected to lose money again this year and the break-even point looks as remote as ever, now that the production rate has been cut from 25 to 18 units per year in response to a dwindling orderbook. So far this year, only one order has been placed and the backlog stands at 44 firm orders. Last week Lockheed hinted that TriStar production may have to be cut again.

Lockheed is also having difficulty holding down prices from its sub-contractors and is currently fighting in court a demand for higher prices from Avco, which builds the TriStar's wings. Ig Avco wins, Lockheed says there could be "a substantial charge" against earnings. Lockheed has 7,000 subcontractors and an Avco victory is certain to cause restlessness elsewhere.

Interest rates have also played havoc with the TriStar a Lockheed, still a financially weak company, carries a large amount of bank debt at rates over the U.S. price lending rate. Last year, the company's bank credit line was increased to $850m and bank term debt outstanding was running at $655m in February, up from $225m at the end of 1978. Total long-term debt at the end of last year was $739m, against shareholders equity of only $306m. The debt figure excludes $101m of debentures, $86m of which have recently been exchanged for convertible preferred stock.

Although the success of the debenture exchange offer indicates a degree of investor confidence in Lockheed's future, it is more a vote of confidence in Lockheed's durability than an expression of faith in the company's ability to enter a period of real profits growth. Lockheed has not paid a common stock dividend since 1969 and there is no sign of it being able to do so.

Under these conditions there is no possibility of Lockheed starting a new commercial aerospace project, or of being a significant partner in such a project with another manufacturer. Until the running sore of the TriStar can be healed, it must be assumed the Lockheed is on its way out of the commercial aircraft business.

But that, of course, would leave most of the rest of the company's operating divisions

Lockheed's missiles, electronics and space division is its largest, with $2bn of sales last year (against $951m for TriStar). Much of it is classified top secret, although one such secret was rather ostentatiously leaked last year when Mr. Harold Brown, then Defence Secretary, revealed Lockheed's "stealth aircraft" project—an aircraft with a skin resistant to radar detection. Surveillance, lasers and satellite warfare activities are thought to be other important parts of the concealed sections of Lockheed. Non-secret parts of the division make Trident submarine-fired nuclear missiles, heat-resistant tiles for the Space Shuttle, and a wide variety of avionic systems. Return on sales from this large division has been steady at between 5 and 6 per cent in recent years.

The military aircraft division, with $1.8bn of sales last year, consists chiefly of Lockheed Georgia, which makes civil and military transport aircraft, including the C130 Hercules, of which more than 600 have been delivered, many for export. Mr. Child says the company can go on building three of these aircraft per month.

In addition, Lockheed also makes support equipment for airports, air defence systems and builds small ships. Both these areas are profitable. Exports have been an important area, for Lockheed and should continue to be so under the more relaxed conditions for military exports authorised by President Jimmy Carter and extended by the Reagan Administration.

But for all its promise and high technology expertise, the non-TriStar operations of Lockheed are still shackled by the company's financial weakness. Last year, Lockheed managed to find only $87m of its own money for research and development (R and D), a pitiful sum for a high technology company. The Government provided an extra $1.47bn for R and D on its own programmes, but this must mean that Lockheed will continue to be severely limited in the extent to which it can break away from strict terms of Pentagon contracts.

MAJOR PRODUCTS AND OUTLOOK

Products	Prospects
COMMERCIAL AIRCRAFT DIVISION (Sales* $951m, loss $199m)	
L1011 Tristar:	Production rate cut to 18 per year. Demand weak and order book shrinking
MILITARY AIRCRAFT DIVISION (Sales $1.85n, operating profit $168m)	
C130 Hercules troop and cargo transporter:	Steady demand from abroad. Production 36 per year. Possible U.S. orders under Reagan programme
C141 cargo transport:	Major stretch contract underway to end mid-1982
C5 transport:	Programme recently started to re-wing aircraft, a $1.2bn project likely to last into mid-1980s
P3 Orion anti-submarine aircraft	Has suffered from cost over-runs, but production of 12 per year minimum seems assured
S3A Viking:	Similar to Orion, but based on aircraft carriers. Out of production, but Lockheed hopes for reactivation
MISSILES, SPACE, ELECTRONICS (Sales $2.08bn, operating profit $122m)	
Trident missile:	Submarine lanuched. Annual production of at least 77 assured and Lockheed favourite to build Trident II in mid-1980s

*All sales and profit figures are for 1980.

D-Mark bond for Swedish bank

BY FRANCIS GHILES

THE MAY calendar of foreign D-Mark bond issues was opened yesterday when Commerzbank launched a DM 60m 6½-year private placement for Svenska Handelsbanken with a coupon of 10½ per cent and a price of 99½. On Thursday, BHF Bank will announce a DM 50m issue for Eurofima, the European company, for the financing of railway rolling stock.

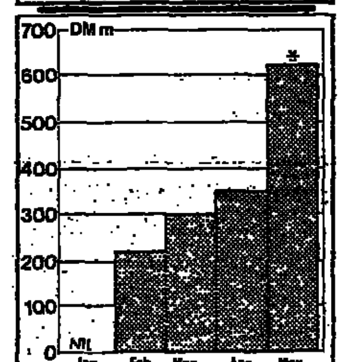
Four days later Belge Electrique, the Belgian state electric utility, will come to the market through Deutsche Bank with a DM 100m public issue. On May 12 BHF is due to announce a DM 50m issue, probably for a Japanese company. Deutsche Bank will follow on May 18 with a DM 60-70m private placement for a European industrial name. A DM 100m public issue through Dresdner Bank will follow on May 22 and a DM 100m private placement for Sweden, initially scheduled for yesterday, will be announced by Commerzbank on May 25.

The following day Deutsche Bank will close the calendar with a DM 100m issue for a non-European state borrower. A further issue, not technically included in the calendar, could be arranged by Deutsche Bank for a supranational borrower. out a strategy on participation. Excluding this possible issue, the new issue calendar for May amounts to DM 620m-635m, a figure slightly below the planned volume of new issues initially announced in the April calendar, but higher than the volume of new bond issues effectively arranged in April, which will have amounted to DM 350m. Coupons of 10 per cent and more are proving attractive to foreign borrowers.

A feature of the May calendar is the large number of private placements. This is something which German bond dealers do not appreciate, since private placements are usually much more difficult to trade than public issues. This is even more true when such private placements are small in size—as is the case in the May calendar.

Prices were virtually unchanged in most sectors of the Eurobond market yesterday, although fixed interest dollar bond prices did drift a little lower, after the trend in New York.

NEW ISSUE VOLUME
D-Mark International Bonds



World Bank Bulldog issue, Page 26

Pan American increases opening loss to $114m

BY OUR FINANCIAL STAFF

PAN AMERICAN World Airways, which last year took over National Airlines to add a domestic network to its transatlantic and worldwide routes, reported an increased loss of $114.5m, or a loss of $1.61 a share, for the opening quarter of this year.

In the first quarter of last year, Pan Am turned in a loss of $74.9m, or $1.05 a share. The takeover of National Airlines was finally effective in January, 1980.

Pan Am said its fuel costs rose by 8.1 per cent in the first quarter, although the amount of fuel consumed dropped by 12.3 per cent. All other airline operating expenses were down by 1 per cent.

The board said the loss reflected "poor airline passenger traffic experienced by the industry as a whole and Pan Am's continued difficulty in increasing international passenger revenue yield—the amount of revenue received per revenue passenger mile flown."

The opening quarter of this year brought only a minor gain in revenue—from $910m to $937.3m. Operating expenses jumped from $964m to $1.02bn.

For the whole of fiscal 1980. Pan American brought in net income of $80.3m against $76.1m, taking into account the inclusion of National Airlines and the sale of its headquarters building. Revenues showed a gain of more than 40 per cent in 1980.

JWT optimistic despite poor first quarter

DESPITE sharply reduced first quarter earnings, JWT Group, the leading advertising concern previously called J. Walter Thompson, predicted higher earnings and revenues for the whole of 1981 for the sixth consecutive year. It said first quarter income typically accounted for 5 per cent or less of its full year results.

Earnings in the quarter fell to $374,000 from $696,000 in the comparable period of 1980. Revenues, however, were up from $67.8m to $83.4m.

Revere resumes dividends

By Our Financial Staff

REVERE COPPER and Brass, a leading non-integrated producer of copper and brass mill products, has resumed dividend payments after a six-year break.

The company yesterday declared a 10 cent a share payment for June 3. The last payment was of 12.5 cents a share in June, 1975, the year in which Revere dropped to a $31.3m net deficit after sales plunged from $517m to $382m.

The loss came after the 1974 closure of its Jamaican alumina refinery, assets which it is now trying to sell

Stelco sees increase in income

BY ROBERT GIBBENS IN MONTREAL

MR. J. PETER GORDON, chairman of Stelco, Canada's largest steelmakers, said that first quarter results, to be released on Thursday, would be better than those for the first quarter of 1980 when net income was C$39.5m (US$33m).

He told the annual meeting that the company had a large number of orders for most of its product lines that "we expect will be maintained well into the third quarter."

Earnings for the year would depend on general economic growth, currently estimated for Canada at about 2 per cent, pessimistic for the steel industry, said Mr. Gordon.

Meanwhile, Abitibi-Price expects a significant improvement in earnings this year, partly because of a return to normal labour conditions in its mills.

The newsprint demand should hold up and North American inventories remain at insufficient levels.

The company is the largest newsprint producer in the world as well as being a major producer of construction timber and fine papers. It says newsprint earnings could well regain record levels this year.

Last year, earnings from all operations were C$83.8m (U.S.$70.2m), or C$3.94 per share, against C$114.1m, or C$5.62 in 1979.

NORTH AMERICAN QUARTERLY RESULTS

ACF INDUSTRIES

First quarter	1981 $	1980 $
Revenue	231.9m	268.8m
Net profits	12.3m	16.1m
Net per share	1.37	1.82

AIR CANADA

Year	1981 C$	1980 C$
Revenue	1.91bn	1.6bn
Net profits	57.0m	55.4m

AMERICAN BRANDS

First quarter	1981 $	1980 $
Revenue	1.72bn	1.67bn
Net profits	125.0m	120.0m
Net per share	4.39	4.21

ASHLAND OIL

Second quarter	1980-81 $	1979-80 $
Revenue	2.21bn	2.08bn
Net profits	7.2m	47.4m
Six months		
Revenue	4.28bn	4.11bn
Net profits	27.5m	123.3m
Net per share	0.57	4.09

AVNET

Third quarter	1980-81 $	1979-80 $
Revenue	331.5m	340.8m
Net profits	16.1m	19.0m
Net per share	1.01	1.21
Nine months		
Revenue	973.0m	936.1m
Net profits	51.8m	51.9m
Net per share	3.27	3.32

BRISTOL-MYERS

First quarter	1981 $	1980 $
Revenue	859.7m	771.5m
Net profits	67.2m	58.3m
Net per share	1.01	0.88

CLARK EQUIPMENT

First quarter	1981 $	1980 $
Revenue	330.5m	460.7m
Net profits	5.6m	20.8m
Net per share	0.43	1.61

COMBUSTION ENGINEERING

First quarter	1981 $	1980 $
Revenue	831.9m	655.0m
Net profits	25.8m	21.2m
Net per share	0.78	0.65

CONOCO

First quarter	1981 $	1980 $
Revenue	5.4bn	4.3bn
Net profits	250.9m	328.6m
Net per share	2.33	3.05

CONSOLIDATED FOODS

Third quarter	1980-81 $	1979-80 $
Revenue	1.34bn	1.29bn
Net profits	31.7m	27.6m
Net per share	1.06	0.88
Nine months		
Revenue	4.2bn	3.96bn
Net profits	100.3m	88.6m
Net per share	3.31	2.85

DIAMOND INTERNATIONAL

First quarter	1981 $	1980 $
Revenue	324.2m	274.5m
Net profits	9.9m	9.2m
Net per share	0.61	0.67

FMC

First quarter	1981 $	1980 $
Revenue	886.2m	873.4m
Net profits	41.4m	40.8m
Net per share	1.24	1.22

GLOBAL MARINE

First quarter	1981 $	1980 $
Revenue	71.4m	51.3m
Net profits	12.6m	8.1m
Net per share	0.88	0.71

INGERSOLL-RAND

First quarter	1981 $	1980 $
Revenue	761.3m	655.7m
Net profits	37.7m	36.9m
Net per share	1.89	1.86

KELLOGG

First quarter	1981 $	1980 $
Revenue	574.5m	513.6m
Net profits	52.2m	49.7m
Net per share	0.68	0.65

LEAR SIEGLER

Third quarter	1980-81 $	1979-80 $
Revenue	385.0m	587.0m
Net profits	19.2m	17.2m
Net per share	1.18	1.11
Nine months		
Revenue	1.11bn	1.05bn
Net profits	52.3m	46.9m
Net per share	3.25	3.03

McDONALD'S

First quarter	1981 $	1980 $
Revenue	562.1m	493.4m
Net profits	51.6m	42.6m
Net per share	1.28	1.06

MARATHON OIL

First quarter	1981 $	1980 $
Revenue	2.42bn	2.27bn
Net profits	69.8m	139.0m
Net per share	1.17	2.30

NATIONAL CAN

First quarter	1981 $	1980 $
Revenue	331.8m	342.0m
Net profits	3.2m	9.6m
Net per share	0.29	0.95

NATOMAS

First quarter	1981 $	1980 $
Revenue	369.3m	294.2m
Net profits	58.2m	48.0m
Net per share	1.08	0.93

NORANDA MINES

First quarter	1981 C$	1980 C$
Revenue	695.5m	713.2m
Net profits	60.7m	101.3m
Net per share	0.60	1.04

PHELPS DODGE

First quarter	1981 $	1980 $
Revenue	367.1m	435.3m
Net profits	28.9m	49.3m
Net per share	1.34	2.31

PROCTER & GAMBLE

Third quarter	1980-81 $	1979-80 $
Revenue	2.94bn	2.79bn
Net profits	181.3m	189.2m
Net per share	2.20	2.29
Nine months		
Revenue	8.61bn	8.07bn
Net profits	534.7m	521.5m
Net per share	6.47	6.31

REVLON

First quarter	1981 $	1980 $
Revenue	549.9m	437.8m
Net profits	42.4m	40.8m
Net per share	0.99	1.14

SAFEWAY STORES

First quarter	1981 $	1980 $
Revenue	3.59bn	3.26bn
Net profits	20.6m	12.5m
Net per share	0.79	0.48

SIGNODE

First quarter	1981 $	1980 $
Revenue	178.0m	183.7m
Net profits	8.4m	12.4m
Net per share	1.08	1.57

SOUTHERN CO.

First quarter	1981 $	1980 $
Revenue	1.0bn	807.8m
Net profits	78.6m	63.0m
Net per share	0.46	0.42

SQUIBB

First quarter	1981 $	1980 $
Revenue	406.7m	347.4m
Net profits	17.6m	16.7m
Net per share	0.36	0.36

TIGER INTERNATIONAL

First quarter	1981 $	1980 $
Revenue	402.2m	294.8m
Net profits	10.8m	10.4m
Net per share	0.63	0.70

TOSCO

First quarter	1981 $	1980 $
Revenue	762.4m	534.2m
Net profits	†636.7m	22.6m
Net per share	†11.78	1.05

† Loss

TWENTIETH CENTURY FOX

First quarter	1981 $	1980 $
Revenue	244.1m	210.2m
Net profits	11.5m	29.9m
Net per share	1.00	2.74

WANG LABORATORIES

Third quarter	1980-81 $	1979-80 $
Revenue	212.3m	137.9m
Net profits	17.6m	11.8m
Net per share	0.32	0.23
Nine months		
Net profits	48.5m	30.1m
Net per share	0.86	0.58

WARNACO

First quarter	1981 $	1980 $
Revenue	109.7m	108.4m
Net profits	2.9m	2.4m
Net per share	0.68	0.56

WINN-DIXIE STORES

Third quarter	1980-81 $	1979-80 $
Net profits	26.6m	24.4m
Net per share	1.02	0.91
Nine months		
Net profits	73.2m	68.7m
Net per share	2.81	2.54

ZENITH RADIO

First quarter	1981 $	1980 $
Revenue	298.2m	271.1m
Net profits	5.9m	6.8m
Net per share	0.31	0.35

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, May 14.

Closing prices on April 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 85 (WW)	55	100	100½	+0⅛	+0⅜	15.15
Amoco 13¼ 88	75	93¾	93⅞	+0⅛	−1⅛	14.80
CIBC 14½ 84	185	98½	99	−0⅛	−0⅞	15.03
CNE 12¾ 91	100	88¾	89⅛	−0⅜	−1⅛	14.85
Citicorp O/S Fin. 10 86	300	83⅜	83⅝	−0⅛	−1⅛	14.79
Citicorp O/S Fin. 12 87	200	88	88½	−0⅞	−2⅛	14.90
Con. Illinois O/S 9¾ 86	150	81⅞	82⅜	−0⅞	+0⅛	14.92
Dupont Canada 13½ 91	65	92⅞	93⅛	+0⅛	−1	14.86
EEC 11 95 (May)	75	79⅝	80⅛	−0⅛	−0½	14.38
EEC 11 95 (August)	70	78⅛	78⅝	−0½	−0⅞	14.67
EIB 12¾ 89	75	89½	90	−0½	−1½	15.04
Eldorado 13¼ 88	50	93⅝	94⅛	0	−1⅛	15.08
Elec. de France 10 88	125	79⅛	79⅝	−0½	−2½	14.84
Elec. de France 13 88	125	92⅝	93⅛	−0⅛	−1½	14.70
Export Dv. Cpn. 9⅝ 86	150	81⅞	82⅜	−0⅛	−1½	15.01
Exp. Bk. D. 12¼ 85 (N)	50	91⅞	92⅜	0	−1⅞	14.76
Fin. Exp. Credit 10½ 85	50	85	85½	+0⅛	−0⅞	15.52
Finland, Rep. of 9½ 86	100	80⅞	81⅜	−0⅛	−0⅞	15.23
Ford Credit O/S 14⅝ 83	150	96⅞	97⅜	0	−1½	16.00
Ford Cr. O/S Fin. 16 84	150	99⅜	99⅞	0	−2⅞	16.21
Gaz de France 13½ 86	80	96⅛	96⅝	0	−1	14.56
GMAC O/S Fin. 12 87	100	87⅛	87⅝	−0⅛	−0⅜	15.16
GMAC O/S Fin. 12⅞ 88	100	89⅞	90⅜	−0⅛	−1	15.28
Gen. Mtrs. O/S 13¾ 87	100	88⅛	88⅝	−0⅛	−2	15.11
Genstar 14½ 91	50	97⅛	97⅝	0	+0⅛	15.25
GTE Fin. 13¾ 86 (WW)	50	96⅞	97⅜	−0⅛	−1⅛	14.66
Hudson's Bay 11½ 90	75	82⅜	82⅞	0	−1⅛	15.11
IBM Wld. Trade 12½ 88	200	93⅛	93⅝	0	−1⅛	14.05
Newfoundland 13½ 90	60	92⅞	92⅝	−0⅛	−1⅛	15.09
Nova Scotia 10¼ 90	50	79⅞	80⅜	0	−0½	14.81
OKB 10 85	50	85⅜	85⅞	0	−0⅛	14.78
Ontario Hydro 13½ 91	100	92⅜	93⅛	0	−2⅛	14.87
Quebec Hydro 11½ 92	100	81	81½	0	−1⅛	15.05
Queb. Hy. 13 91 (WW)	100	90⅜	90⅞	−0⅛	−0⅜	14.85
Royleese 11⅛ 85	50	88½	89	−0⅛	−1⅛	15.07
SNCF 12⅞ 85	50	93⅜	93⅞	−0⅛	−1½	14.55
SNCF 13 91	75	91½	92	−0⅛	−0⅛	14.61
Sth. California Ed. 14 87	50	96⅜	96⅞	0	−0½	14.88
Sven Handelsbk. 13¾ 88	45	93⅞	94⅜	−0⅛	−0⅛	15.17
Sweden 12⅛ 85	150	90⅞	91⅜	−0⅜	−2⅜	15.23
Swed. Ex. Credit 12 83	50	93⅝	94⅛	−0⅛	−0½	15.09
Swed. Ex. Credit 13 86	75	91⅜	92¼	0	−0⅛	15.45
Tribune O/S Fin. 14 86	50	96⅜	96⅞	−0⅛	−0⅞	14.99
World Bank 9⅜ 85	200	85	85½	−0⅛	−1⅛	14.74
World Bank 10¾ 87	300	82⅜	82⅞	−0½	−0⅞	14.80

Average price changes... On day −0⅛ on week −1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8½ 90	100	90⅛	90⅞	−0⅛	0	9.95
Australia 8½ 90	250	95	95½	−0⅛	+0⅛	8.92
Austria, Rep. of 8¼ 92	150	89⅛	90	+0⅛	0	9.78
CECA 7⅞ 92	150	87⅞	88⅜	0	+0⅛	9.61
CECA 10 91	120	102⅝	103⅛	−0⅛	+0½	9.55
Cll-Honeywell 8⅛ 90	125	90⅛	90⅞	0	−0⅛	9.98
EIB 8¾ 90	200	90⅞	91⅜	−0⅛	−0⅛	9.95
EIB 10½ 91	200	102⅜	102⅞	−0⅛	+0½	10.08
ESCOM 9¾ 87	100	93⅝	94½	+0⅛	−0⅛	10.52
Iberduero SA 9 90	100	94⅞	95⅜	+0⅛	+1⅛	9.79
Ind. Bk. Finland 8½ 90	50	89⅜	90½	0	−0⅛	10.22
Int.-Amr. Dv. Bk. 10 91	100	99⅜	100	+0⅛	−0⅛	10.05
Japan Air Lines 8½ 87	100	92⅞	93⅜	0	+0⅛	9.54
Japan Dev. Bank 7½ 87	100	89⅜	90⅛	−0⅛	−0⅛	9.86
Kobe, City of 8 90	100	90¼	90⅞	−0½	−0⅛	9.69
Midland Int. Fin. 8½ 90	180	92⅜	93⅛	−0⅛	0	9.69
Nuclebras 9¾ 88	100	90⅜	91⅛	−0⅞	+2	11.66
OKB 8¼ 92	150	88⅜	89½	0	0	9.89
Oslo, City of 8⅜ 90	80	95½	96	+0½	0	9.47
Venezuela, R. of 9¾ 90	150	95	95¼	+0⅛	+0½	10.52
World Bank 8 90	700	87⅞	88⅜	0	−0⅛	10.04
World Bank 10 86	150	100⅞	101½	+0⅛	−1	9.70
World Bank 10 90	200	100⅞	101⅜	0	−0⅛	9.78

Average price changes. On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5½ 90	100	*89⅛	89½	+1⅛	−1⅛	6.96
BFCE 6½ 91	100	*100	100¼	−0⅛	−0⅞	6.48
Bayer Int. Fin. 5¾ 92	100	*91	91¼	−0⅛	−0⅛	6.37
Bergen, City of 6 90	50	*93	93¼	−0⅞	−2½	7.05
Buhrm-Tetterode 7 90	40	*100¼	100½	−0⅛	−0⅛	6.94
Copenhagen Tele 5¾ 90	60	*90¼	90⅝	−0⅛	+0⅛	7.17
Denmark 5¾ 90	80	*†90	91	+0⅛	+0⅛	7.19
Dome Petroleum 5¾ 91	100	*94⅝	94⅞	+0⅛	−0⅛	6.49
Elec. de France 5¼ 90	100	*89	89¼	+0⅛	−2⅛	6.85
Eurofima 5¾ 92	80	*†98½	99½	+0¼	+0⅛	5.87
F. G. H. Hypo. Bk. 6 90	50	†92½	93	−1½	−3	7.10
Finland, Rep. of 5¾ 90	80	*88½	88¾	+0⅛	−0½	7.35
Int.-Amer. Dev. 7 90	80	*100	100¼	−0⅛	+0⅛	6.98
Japan Dev. Bank 5¾ 90	100	*94	94½	−0⅛	−0½	6.58
Jutland Tele. 5½ 90	50	*87½	88	+0½	−2½	7.44
Mt. Blanc Tunnel 5½ 90	60	*†90	90½	0	−2	6.95
Newag 5¾ 90	80	*90½	91	−1⅛	−4⅞	7.15
Norges Komm. 4¾ 91	100	*82	82¼	−0⅛	−2¼	6.82
OKB 6 90	100	*†94⅞	94⅞	−0⅛	−0⅛	6.86
Oslo, City of 4¾ 91	100	*†80½	81	+0⅛	+0⅛	7.03
Oslo, City of 5⅞ 90	80	*92⅛	92⅜	−0⅛	−0⅛	7.02
Philips Lamps 5⅞ 92	100	*89⅛	90	+0⅛	−0⅛	6.54
Sekisui Pre. Hms. 6 90	80	*96¼	96½	0	0	6.53
Trade Dev. Fin. 6½ 90	50	*†93	94	0	−2	7.09
Voest-Alpine 5¾ 90	80	*91¼	91¾	+1	−0⅛	7.01
World Bank 6 91	100	*92⅝	92⅞	0	−1⅛	7.04

Average price changes.. On day 0 on week −1

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93	94	0	−0⅛	8.60
Australia 6½ 88	20	87¼	88¼	+0⅞	0	8.83
EIB 7¼ 89	12	93⅜	94⅜	+0⅛	+0⅞	8.76
Finland 5.6 83	10	92⅜	93⅜	+0⅛	−0⅛	8.73
Finland 6.8 88	10	87⅞	88⅞	0	0	9.18
Finland, Rep. of 8⅛ 87	15	98⅞	99⅞	−0⅛	+0⅛	8.50

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	88¾	89¼	−1¼	−1⅛	13.63
CIBC 13½ 85 C$	50	94½	95¼	0	−0⅞	15.27
CIBC 11½ 85 C$	60	88⅜	89⅛	−1⅞	−1⅞	15.22
Federal Dev. 11½ 90 C$	60	†83	84	−0½	−1	14.87
Fst. Can. Inv. 10 84 C$	50	†86⅜	87½	−0⅛	−0⅛	15.73
R. Bk. Canada 10 86 C$	40	91	92	0	−0½	12.35
Tordom Cpn. 13½ 85 C$	30	†85	85⅜	0	−1⅛	15.09
Mt. Bk. Dnmk. 9 91 EUA	25	90⅛	91½	0	−0⅛	10.45
SOFTE 8¼ 88 EUA	40	86½	87¼	0	+0⅛	10.73
U. Bk. Nrwy. 9½ 90 EUA	18	97	98¼	0	0	9.91
Algemene Bk. 10¼ 86 Fl	80	96⅜	97¼	0	+0⅛	11.06
Bk. Mees. & H. 10 85 Fl	75	97	97½	0	−0⅛	10.81
Heineken NV 10 87 Fl	100	95⅜	95⅝	0	+0⅛	11.05
Nat. Nedrindn. 10 88 Fl	80	95⅜	95⅞	0	+0⅛	10.93
Ned. Midd. Bk. 10 85 Fl	75	97⅜	97⅞	−0⅛	−0⅛	10.67
Pierson 10¼ 86 Fl	50	97	97½	+0⅛	+0⅛	10.99
Aero Paris 13⅞ 87 FFr	150	93⅝	94⅝	−0⅛	0	14.56
Charb'nages 13⅞ 85 FFr	400	97⅞	98⅞	−0⅛	−0⅛	14.31
CECA 14¼ 86 FFr	150	99⅛	100½	−0⅛	−0⅛	14.23
EIB 14⅛ 88 FFr	300	98⅜	99⅜	−0⅛	−0⅛	14.35
Gaz de France 11 84 FFr	150	91¾	92¾	+0⅛	−0⅛	14.07
La Redoute 14⅛ 85 FFr	125	95¼	96¼	−0⅛	0	15.65
OKB 14 86 FFr	400	98⅝	99⅝	0	+0⅛	14.22
Solvay et Cie 14¾ 86 FFr	200	102½	103½	+0⅛	+0⅛	13.83
Utd. Mex. Sts. 14 85 FFr	150	97	98	0	+0⅛	14.83
Acona 14 86 £	20	95⅞	96⅝	−0⅛	0	15.12
Beneficial 14¼ 90 £	20	94	94½	0	+1	15.38
BNP 13½ 91 £	15	95½	96¼	−0⅛	−0⅛	14.27
CECA 13½ 88 £	20	96⅛	96⅞	−0⅛	−0⅛	14.27
Citicorp O/S 13½ 90 £	50	95⅞	96⅝	+0⅛	+0⅛	14.24
Fin. Exp. Cred. 13¾ 88 £	15	97⅞	98⅝	+0⅛	+0⅛	14.29
Gen. Elec. Co. 12⅞ 89 £	50	93½	94	−0¼	0	13.83
Hiram Walker 14½ 86 £	25	98⅜	98⅞	+0⅛	+0⅛	14.72
Privatbanken 14½ 88 £	12	97	97½	0	+0⅛	15.16
Rothschild 14½ 90 £	12	97⅜	98¼	+0⅛	+0⅛	14.61
Royal Trustco 14 86 £	12	99⅜	99⅞	+0⅛	+0⅛	14.15
Swed. Ex. Cr. 13¾ 86 £	20	97⅜	98⅜	0	+0⅛	14.32
Banobras 8⅞ 90 KD	7	†91½	92	0	0	9.66
CCCE 8½ 91 KD	10	†83¾	84½	0	0	10.23
Sonatrach 8½ 90 KD	12	†94½	95¼	0	0	9.35
Akzo 9¼ 87 LuxFr	500	85⅞	86⅞	0	+2¼	12.39
Euratom 9¾ 88 LuxFr	500	89⅜	90⅜	+0½	+3⅛	11.95
Eurofima 10½ 87 LuxFr	500	92½	93½	−0⅛	+2½	12.08
EIB 9¾ 88 LuxFr	600	90½	91½	+0⅛	+3	11.73
Volvo 9¾ 87 LuxFr	500	85½	86½	−0⅛	+0⅛	13.01

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¼ 87	0¼	99¼	99¾	2/7	16⅝	16.71
Bank of Montreal 5¼ 90	0¼	99½	99⅞	18/6	19½	15.57
Bank of Tokyo 5¼ 89	‡0⅛	98⅝	99⅛	25/7	16½	16.69
BBL Int 5 86	0⅛	99	99½	20/5	16½	16.62
Bergen Bk. A/S 6 89	‡0⅛	†98⅛	98⅝	29/5	17⅛	17.36
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/4	18.69	18.81
CNT 5¾ 86	§0⅛	99½	100	16/10	16.81	16.85
Christiania Bk. 5½ 91	‡0⅛	97⅞	98⅛	5/5	17⅛	18.14
Citicorp O/S F. 84	‡0	99	99½	30/4	15.44	15.55
C. Itoh 5¼ 87	0¼	98¾	99¼	18/9	15.44	15.59
Co-operative Bk. 6 86	0⅞	97⅝	98¼	15/5	16¼	15.56
Den Norske Credit 6 90	‡0⅛	98⅛	98⅝	5/5	17⅜	18.02
Genfinance 5¼ 87	0⅛	99½	99⅝	30/4	15⅛	15.22
Giro und Bank 5¼ 91	‡0⅛	97½	98	23/6	14.06	14.39
GZB 5½ 89	‡0⅛	98½	99	1/5	17⅞	18.10
Ind. Bank Japan 5¼ 87	0⅛	99⅜	99⅞	15/10	17.06	17.13
Ind. Bank Japan 5¼ 88	0⅛	99	99½	9/10	16.44	16.56
Lloyds Eurofin 8 90 £	0⅛	96⅞	97⅜	3/7	14½	14.93
Lloyds Eurofin 5¼ 92	0¼	98⅜	98⅞	4/6	17¼	17.53
LTCB Japan 5¼ 86	0⅛	99⅞	100⅜	13/6	20.19	20.16
Man. Hanov. O/S 5¼ 94	‡0⅛	98½	99	30/5	17	17.22
Midland Intl. Fin. 5¼ 92	0¼	98⅜	98⅞	5/6	17.19	17.43
Nacional Fin. 6¼ 86	0⅛	99⅜	99⅞	25/7	17⅛	17.82
Nacional Fin. 5½ 88	0⅛	97⅜	97⅞	25/9	14⅞	15.26
Nat. Bk. Canada 5¼ 88	0⅛	97⅝	98⅛	24/9	14½	14.81
Nat. West. 5¼ 94	§0⅛	98	98½	18/10	16.19	16.49
Nat. West. 5¼ 92	§0⅛	98	98½	23/10	16.81	17.11
Pemex 6 91	0⅛	97½	98	8/10	15.31	15.66
Sparebanken 6 87	0⅛	99⅛	99⅝	19/6	19⅞	19.97
Standard Chart. 5¼ 90	0⅛	99⅛	99⅝	3/9	17.06	17.15
Svenska Hndlsbk. 5 87	0⅛	99½	100	15/7	17.81	17.88

Average price changes.. On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	97⅞	99⅛	−0⅛	33.11
Canon 6¾ 95	1/81	829	141¼	142¼	+10⅛	7.21
Credit Suisse 4¾ 93	10/79	1238	†93	95	+0⅛	−1.70
Digicon Fin. 8½ 95	10/81	29.5	104⅛	106¼	0	0.79
Ina Overseas 8¾ 2000	4/81	42	106¼	107½	−2¼	−1.35
Inchcape Ltd. 8 95	2/81	4.55	96	97	+0⅛	1.60
Jaccs 7½ 95	11/80	565	115	116¼	−0⅛	10.19
Kotobukiya Co. 7 96	4/81	619	99⅜	100¼	+0⅛	−5.29
Marion Int. Fin. 9 95	12/80	15.5	84½	86	+0⅛	32.74
Matsushita El. 7½ 95	11/80	590	110¼	111¼	+0½	−3.72
MEPC 8¼ 96	2/81	2.47	99½	101	−0⅞	11.70
Niigata Eng. 7½ 96	1/81	327	100	102	+0¼	12.11
Nissho-Iwai Co. 8 96	10/80	398	78	79½	0	−1.12
Ricoh 6⅞ 95	8/80	604	124¼	125¾	+4½	2.57
Sumitomo M. Ind. 7 95	2/81	181	124⅜	125⅜	+0⅛	−0.68
Swiss Bk. Cpn. 6½ 90	9/80	200	†77	79	−2	18.95
Taylor Woodrow 8¾ 90	1/81	4.84	109½	110¾	+0⅛	0.08
Tokyu Land Cpn. 7¾ 96	4/81	325	104½	105½	+2½	1.02
Transco Int. 8¾ 95	2/81	68	84½	85¾	−0⅛	26.70
Tricorp 8½ 95	12/80	31.25	87¼	89	−0⅛	41.43
Union Bk. Switz. 5 89	2/80	121.4	†76½	78	−1⅛	−11.48
Fujitsu 5 84 DM	7/79	431.5	162⅜	163¾	+7½	3.37
Sharp Cpn. 6½ 88 DM	9/80	595	162½	163½	+2	−1.12
Uny Co. 6½ 85 DM	11/79	879.3	106⅛	107½	−0⅛	−1.66

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Rupert Cornwell looks at the share deal involving Italy's leading newspaper

Ambrosiano hits the headlines

"BASICALLY what's happened is that a partner who has been hidden for a long time has finally come out into the open." That was how an experienced Rizzoli watcher summed up the deal last week whereby La Centrale, an arm of Sig Roberto Calvis powerful Banco Ambrosiano group, acquired 40 per cent fo Rizzoli Editore Spa, the cornerstone of Italy's biggest publishing group, which in turn owns Corriere Dela Sera, the country's most important daily newspaper.

In a sense this restrained judgment is right. That Banco Ambrosiano has for some time been one (if not the biggest creditors of the heavily indebted Rizzoli group is well known. All other things being equal, it might perhaps seem natural that this financial dependence should be translated into a substantial minority stake.

However, all other things are not equal. Ingredients in this latest financial mystery story in Milan include one of the most powerful and secretive privately owned banking groups in Italy, the paper with the biggest daily circulation in the country (almost 600,000) which is a symbol of the bourgeois establishment of Italy's wealthiest city and, third, a lingering flavour of scandal whose odour wafts into various corners of national life.

The Rizzoli-Calvi deal in part revolves around the fund raising operation long planned by the publishing group. Under a scheme to be approved on May 29, the capital of Rizzoli Editore will go up to L76.5bn ($70.5m) from the present L25.5bn through an issue of new shares at L17,000 apiece. L153bn of new funds will be employed, in all probability, to reduce Rizzoli's overall debt, which at the end

of 1979 stood at L443bn ($408m).

Just how much the whole thing is costing Banco Ambrosiano no one is sure. La Centrale is reputedly paying Sig. Angelo Rizzoli around L75bn for its 40 per cent, and then presumably will have to subscribe its share to the capital increase, costing a further L61bn. That L75bn is more or less what Sig. Rizzoli still controlling—interest at 50.2 will have to put up himself to maintain his revised—albeit per cent. The remaining 9.8 per cent of Rizzoli is in the hands of the Rothschild Bank of Zurich.

To still fears about possible interference by the new shareholder in the editorial affairs of Corriere Della Sera—and the host of other Rizzoli publications—both sides have agreed to have Sig. Bruno Visentini, president of Olivetti, as a respected neutral arbiter to guarantee non-interference. La Centrale has also undertaken to place part of its stake with various "prestigious," but so far unspecified, industrial groups.

Such precautions are understandable. Since 1974, when it took control of Corriere, Rizzoli has built up a newspaper stable covering about 30 per cent of the Italian market. But although the group is showing some signs of a return to health (1980 saw a profit of L1.5bn after a loss of L4.9bn in 1979 and a deficit of L20.8bn in 1978), parts of its interests are losing money hand over fist: the popular daily, L'Occhio, for example, has never succeeded in its aim to become Italy's Daily Mirror.

Why does Sig. Calvi want to commit his money to Rizzoli? Is he the right sort of person who should do so? This leads in turn to another question: just who owns Banco Ambrosiano? The group comprises three major and thriving banks, Ambrosiano itself, Banca Cattolica del Veneto and Credito Varesino, as well as Toro, one of Italy's largest insurance concerns, and a swarm of financial companies, some foreign based.

However, the latest published study of Banco Ambrosiano, compiled by Mediobanca in Milan, shows only that Toro, 54 per cent controlled by Ambrosiano, holds 4 per cent of the latter's equity. "Details of other shareholders," it drily adds, "are not available." It must be assumed therefore that the technique is the familiar Italian one of crossed, sometimes camouflaged, shareholdings between subsidiaries and parent, with Sig. Calvi at the centre of the intricate web.

In the early 1970s Sig. Calvi and Sig. Michele Sindona were the unchallenged rulers of the Milan Bourse. Sig. Calvi's name over the decade has been linked with the Vatican, sections of the Christian Democrat Party and often with another financier with a similar taste for secrecy, Sig. Carlo Pesenti. Sig. Sindona, once held to be a model of financial wizardry, has finished up in a New York jail. Of Sig. Calvi's past dealings there is increasing speculation.

Magistrates in Northern Italy are investigating alleged currency irregularities by Banco Ambrosiano in the early 1970s. For a period earlier this year he lost his passport, and it was because of suggestions that he used his influence to help Sig. Calvi get it back that Sig. Ugo Zilletti resigned last week from the vice-presidency of Italy's magistrates supervisory council. Sig. Zilletti and Sig. Calvi have denied any wrongdoing whatsoever—and the episode (thus far at least) says more about the shortcomings of the Italian judicial system than those of any individual.

Paris Bourse halts trade in Sommer group

By Our Financial Staff

TRADING in the shares of Sommer-Allibert, the floor and wallcovering and domestic products group, has been suspended on the Paris Bourse pending an announcement of a takeover bid.

The price of Sommer-Allibert shares shot up by 12.8 per cent on Thursday and by 17 per cent on Friday of last week on the strength of rumours that Sommer-Alibert's board intended to propose a capital increase which would be reserved for a German partner. The company's board will meet tomorrow and a Press statement will follow.

Sommer-Allibert incurred a loss in 1980 of FFr 22m ($4.2m) and intends to pass its dividend.

Thomson-Brandt shows 22% rise in sales

BY TERRY DODSWORTH IN PARIS

THOMSON-BRANDT, France's leading electronics and electrical consumer goods company, increased sales by almost 22 per cent last year and is forecasting an increase in consolidated profits.

Announcing parent company figures yesterday, the group said that net consolidated profits ought to show an improvement on the FFr 460m ($92m) achieved in 1980. The profits of the parent company went up by almost 20 per cent to FFr 157.9m.

Consolidated sales of FFr 36.5bn, against FFr 30bn in 1979, include for the first time the turnover of Saba, the West German colour television company taken over last year. Excluding Saba, turnover would have been up by 17 per cent.

The main factor behind the strong rise in turnover was overseas sales, which accounted for 45 per cent of the total figure, at FFr 16.6bn. Exports from France came to FFr 11.5bn, an increase of 27 per cent.

The group's Thomson-CSF subsidiary, which embraces the main electronics interests, also achieved a significant increase in sales. But the company has made a much more cautious consolidated profits forecast, saying that they should be of the same order as last year's FFr 322m.

Part of the 39 per cent increase in sales at CSF, up from FFr 16bn to FFr 22.3bn, was the result of the consolidation into the parent group of Compagnie Generale de Radiologie, the medical equipment group. But even without this, sales would have registered a 20 per cent rise. Overseas activity amounted to 48 per cent of turnover.

● Credit Lyonnais and Caisse Centrale des Banques Populaires have set up a new joint deposit bank, Banque Internationale de Gestion et de Tresorie, AP-DJ reports from Paris.

Credit Lyonnais will own 75 per cent of the new bank's FFr 100m ($19m) capital and Banque Populaires 25 per cent. Credit Lyonnais said Banque Francaise du Commerce Exeterieure (BFCE), the state-run foreign trade bank, was expected to become a partner soon.

Dunlop split lifts Pirelli shares

BY JAMES BUXTON IN ROME

SHARES in Pirelli SpA, the Italian holding company of the Pirelli group, have risen by nearly 7 per cent on the Milan Bourse since the breaking of the union with Dunlop was anounced last week. Those in Pirelli and Co., which is effectively the Pirelli family holding company, have appreciated by 14.5 per cent.

Shares in Pirelli SpA have now risen nearly 60 per cent this year, partly as a result of the general boom on the stock exchange, and partly because Industrie Pirelli, the main operating company in Italy which is heavily involved in tyres, made a modest profit of L3bn ($2.7m) last year—the first for 10 years.

Pirelli considers the ending of the union good for the group, not just because it saves it from becoming involved in Dunlop's losses but also because it will now have greater freedom of action in its investment decisions. It will also be able to free more resources for research and innovation and should be able to further strengthen its position in export markets.

The strategy of the two groups was anyway diverging — the underlying reason for the divorce—with Dunlop diversifying strongly away from tyres and Pirelli strengthening its position in the tyre business. To an extent this was a policy forced on Pirelli by its inability under Italian labour conditions to carry out large-scale redundancies or plant closures. Even so, as recently as two years ago the idea of merging the two companies' tyre divisions into a single unit was seriously discussed.

In financial terms, Pirelli SpA regain from Dunlop stakes in its own companies worth about L150bn compared with shareholdings it must restore to Dunlop worth about L90bn. However, Pirelli must also make a cash payment of £22m ($47.5m) to Dunlop, which represents Pirelli's net gain in terms of dividends and other funds during the life of the union.

Of this, the larger part is owned by Pirelli SpA, though part will be paid by the Basle-based concern, Societe Internationale Pirelli, which handles the group's interests outside the EEC. Even after making the payment Pirelli SpA will have recorded a net gain on the transaction.

Strong advance in earnings for BNP

By David White in Paris

BANQUE Nationale de Paris, largest of the "big three" state-controlled French banks, confirmed the strong trend in banking profits last year by reporting an increase of more than half in its consolidated net earnings.

The figures come after the bank's first ever rights issue on the Paris stock market, in which it raised FFr 151m, cutting the state's shareholding to about 83.5 per cent from the previous level of 90 per cent.

Results for the group, including all subsidiaries in which the bank holds 50 per cent or more, rose to FFr 898m ($175m) from FFr 584m. Total assets were 23 per cent at the end of the year at FFr 489bn.

The bank itself showed a 50 per cent improvement in net profit, to FFr 603m.

The total of clients' deposits rose by 12.5 per cent, a slower rate than the increase in lending activity, which it pushed up to 14.4 per cent after a 12 per cent growth in 1979.

The bank's own assets rose by just under 21 per cent, to FFr 453bn.

Swiss banks continue to expand

BY JOHN WICKS IN ZURICH

UNINON BANK of Switzerland and Credit Suisse, two of the top three Swiss banks, announce a further expansion of activity in the first quarter of the current year.

In a communiqué isued in Zurich yesterday, UBS says business remained "very lively" in the three months. While profit levels differed from sector to sector, total earnings exceeded those for the corresponding first quarter of 1980.

Within the overall figure, net interest income increased as a result of both from the bank's higher loan volume and the "continued favourable investment opportunities for liquid funds." Income from commissions rose while "brisker business" also led to satisfactory results in securities operations.

Although the special circumstances that marred dealing in gold last year have not repeated themselves in 1981, both foreign-exchange and precious metal trading showed gratifying results.

The bank's total assets went up by 5.6 per cent in the first quarter to SwFr 81.9bn ($41.4bn). Of this increase about SwFr 1.7bn was accounted for by the increase in the dollar rate and SwFr 2bn to the growth in time deposits.

The second quarter UBS points out, is customarily slower in terms of balance-sheet growth. However, the earnings outlook is expected to remain satisfactory.

For its part, Credit Suisse reports that in the first quarter of 1981 income from credit transactions within Switzerland remained insufficient. Otherwise, profits developed satisfactorily. The bank, however, qualifies this statement by drawing attention to the "marked differences" in profits between the various types of operation and to what it says are growing risks.

Credit Suisse's balance sheet expanded by 4 per cent to SwFr 66bn ($33.3bn) as of the end of March. Like UBS, it attributes this growth partly to the rise in the exchange rates of various foreign currencies, especially the dollar. These accounted for a "good half" of the SwFr 2.6bn increase.

Upturn at Norwegian paper group

By Fay Gjester in Oslo

NORSKE Skogindustier, the Norwegian newsprint, packaging, pulp, chipboard and sawn timber group, increased profits before year-end allocations to NKr 59.4m ($10.8m) for 1980 from NKr 33.2m a year earlier. The improvement mainly reflected increased output and improved margins on the timber side. Turnover rose to NKr 1,728m from NKr 1,513m.

There was "good demand" for all group products, and all companies increased output. The main difficulty was a marked increase in operating costs, which it was not possible to offset by increasing selling prices.

Domestic cost rises will continue to be a "serious problem" for Norway's forest products industry in 1981, particularly since production capacity in both Scandinavia and North America is expanding while the recession shows every sign of deepening.

● The state-owned Ardal og Sunndal Verk (ASV) aluminium group, will change its name to NACO if the Norwegian Parliament approves a proposal to merge it with another state-owned company, Raufoss Ammunisjonsfabrikker, which makes munitions and metal grids.

Under government proposals Raufoss shares worth a nominal NKr 120m would be exchanged for new ASV shares with the same value.

Fortia to cut capital spending

By William Dullforce, Nordic Editor, in Stockholm

FORTIA, the Swedish pharmaceuticals group which has attracted the interest of foreign investors because of its developments in biotechnology, is reducing its investments in plant, machinery and inventories to around SKr 80m ($17m) this year after spending almost SKr 300m in the past two years. Expenditure on research and development, however, will climb further to SKr 135m.

The slowdown in capital spending foreshadowed in the 1980 shareholders' report underpins the company's forecast of a 15 per cent increase in sales from last year's SKr 1.24bn and even faster growth in earnings.

Fortia's earnings last year declined from SKr 88m to SKr 77.2m.

Internatio-Mueller to speed up reorganisation

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH trading, transport and industrial group, Internatio-Mueller, is to speed up the reorganisation of its loss-making activities but does not expect this to be reflected in its results until 1982. The board is unable to make any forecast for 1981 but said the company was in essence healthy, according to the annual report.

Earlier this month the company revealed a net loss of Fl 58m ($24m), comprising an operating loss of Fl 7.7m and an extraordinary loss of Fl 50m because of a provision to meet the cost of reorganising its Mueller-Thomson stevedoring division in Rotterdam, where 350 jobs will be shed; "several million guilders" for its commodity dealing office in New York, and Fl 10m for additional contingencies.

The New York commodity office sustained losses amounting to "several tens of millions of guilders" in 1979 and 1980, mainly on rubber and cocoa trading. IM is now trying to sell some of its rubber business and has placed the New York cocoa activities under the supervision of its London office.

Turnover rose last year by 2 per cent to Fl 3.83bn ($1.59bn). The Netherlands accounted for 56 per cent of sales, the rest of Europe for 23 per cent, the Americas for 12 per cent, Australia and New Zealand for 7 per cent and Africa and Asia for 2 per cent.

The company sustained a loss of Fl 15.31 per share compared with a profit of Fl 1.63 in 1979.

JAPANESE DEPARTMENT STORES

Sales rise despite sluggish spending

BY YOKO SHIBATA IN TOKYO

FIVE OF Japan's top department store chains have increased sales and operating profits in the year to February despite weak personal spending and the cold summer weather. Only two of the companies, Mitsukoshi and Takashimaya, however, recorded double figure rates of sales growth.

Sogo was the only one to record a double figure operating growth rate. At the same time it showed a fall of 5.3 per cent in net profits, as the result of heavier tax payment, occasioned by the ending of the grace period attached to the depreciation of a heavily loss-making subsidiary.

The stores followed a policy of placing emphasis on the merchandising of high quality commodities and the development of own-brand products.

Mitsukoshi, helped by a contribution from newly opened branches, and a reaction to the previous year's low sales growth of 4.3 per cent, boosted sales by 11.2 per cent.

Takashimaya's turnover rose by 10.6 per cent, with a major contribution coming from special sales commemorating the 150th anniversary of the company's founding.

The slowest growth in sales, of 2.1 per cent, among the five was recorded by Daimaru, which did not shift major stress on to high-grade commodities.

	Sales Ybn	Change on year %	Operating profits Ybn	Change on year %	Net profits Ybn	Change on year %
Mitsukoshi	544.11	+11.2	21.04	+ 2.0	10.71	+ 5.9
Daimaru	421.35	+ 2.1	9.71	+ 2.7	4.89	—
Takashimaya	414.64	+10.6	10.69	+ 4.6	4.81	+ 4.3
Matsuzakaya	326.97	+ 9.5	8.87	+ 0.8	4.29	+45.0
Sogo	181.52	+ 7.5	5.16	+12.0	2.28	− 5.3

All five enjoyed more than 20 per cent growth in sales of gold and jewellery, reflecting an inclination among consumers' towards hedging against inflation.

Mitsukoshi, Takashimaya, and Matsuzakaya suffered falls in gross profit margins. In the case of Mitsukoshi, the supplying of goods to local affiliated department stores reduced the profit ratio. The 150th anniversary commemorating sales affected Takashimaya and bargain sales Matsuzakaya. Higher electricity charges squeezed earnings and, Mitsukoshi apart which has no borrowings, the store groups all suffered from the higher level of interest payments in relation to sales. Earnings of Takashimaya, Daimaru and Matsuzakaya were particularly heavily eroded on this count. Sogo alone enjoyed double digit growth in operating profits, helped by its foreign currency based convertible debenture last March which with conversions into stock lessened its interest burden.

The sharp rise in net profits at Matsuzakaya, of 45 per cent, caused by the ending of the liquidation of losses at subsidiary level.

For the current fiscal year, ending next February, the four of the five store operators other than Mitsukoshi expect single-figure growth in sales. Mitsukoshi expects a continued revenue boost from the Kurashiki branch which opened last November. The official discount rate reduction, in three stages so far, is expected to lessen the interest burden for stores.

Daimaru, alone, foresees a double figure percentage rise in operating profits, by taking advantage of the interest rate reduction on its capital investment plan for a new Osaka branch, scheduled to open in the spring of 1983. The other four companies expect earnings growth of about 5 per cent.

Turnover at Makita up but profits fall

By Donald Maclean

MAKITA ELECTRIC Works, the largest manufacturer of portable electric power tools in Japan, suffered a fall of 5.9 per cent in net income in the year to February 20, to Y5.8bn ($27m), from Y6.16bn in 1979-80, although sales rose 7.1 per cent to a record Y65.79bn ($306m), from Y61.41bn.

The year is regarded by the company as a relatively good one, despite the fall in net income, after an 81 per cent rise the previous year, when saes were up 23.7 per cent. Earnings, Makita says, were held down by dull private housing demand in Japan. In addition, the rise in the yen in the foreign exchange market brought exchange losses of Y665m ($3m), to compare with exchange gains of Y327m in 1979-80.

The growth in sales took place entirely outside Japan, with overseas turnover rising 26 per cent to Y37.81bn, while that at home fell 11 per cent to Y28m. This meant that the share of overseas sales in the total rose from just under a half (49 per cent) to as much as 57 per cent.

The gain in overseas sales in relation to those in Japan is seen by Makita as part of an ongoing trend. Sales in North and South America increased by 32 per cent, following the 70 per cent gain the previous year, when overall sales abroad showed a rise of 41 per cent. There was a sales gain in Europe of 28 per cent compared with 42 per cent in 1979-80.

Monier in agreed bid for Rocla

By Our Financial Staff

MONIER the building products group has agreed a merger in which it will take over Rocla Industries, a pipe and tile maker.

The group, in which Redland of the UK has a 47.6 per cent share, will offer five of its 50 cent shares and A$6.75 cash for every nine of Rocla's 2.34m units of 50 cents with a cash alternative of $1.60 per Rocla share.

Monier shares closed on Friday at A$1.65 and Rocla shares at A$1.40. The share and cash offer thus values Rocla at A$37.2m (US$43m) and the cash alternative values it at $35.7m.

The Rocla board has unanimously agreed to recommend the merger on these terms. Monier shares issued through the offer will rank equally with existing units for the final dividend for the year to June 30, payable in October.

A comparable offer will also be made for the 1.1m convertible notes and the 300,000 preference shares in Rocla.

Monier said it already has .98m Rocla shares or just under 9 per cent of the company.

Setback for Cycle and Carriage

BY WONG SULONG IN KUALA LUMPUR

CYCLE AND Carriage Bintang, the distributor of Mercedes vehicles in Malaysia, has reported a sharp setback n pre-tax profits for six months ended March from 10.8m ringgit to 4.7m ringgit (US$2.2m) on turnover 15 per cent lower at 104m ringgit (US$49m).

The company said there was a significant fall in demand for the Mercedes diesel model because of a steep increase in road tax for diesel cars. Delays in introducing another model, and slow assembly also gave rise to an excessive build up of unassembled car kits. Prospects for the second half, however, were "significantly better."

An unchanged 10 per cent interim dividend will be paid, and the company has announced a one-for-two scrip issue and a one-for-five rights issue, which will raise the paid-up capital from 35m ringgit to 59.5m ringgit. The rights issue is priced at 2.4 ringgit per new one ringgit share.

* * *

COLD STORAGE Malaysia, the supermarket chain, has suffered a sharp fall in profits during its first full year's trading as a separate company from its Singapore associate. Pre-tax profit fell by 30 per cent to 6.4m ringgit (US$3m), although turnover was up by 12 per cent to 50m ringgit (US$23.6m).

Profit after tax was 3.9m ringgit, or 38 per cent lower than for the previous year. The company is paying a final dividend of 12 per cent, making a total for the year of 20 per cent.

Magnum pays more from sharply higher earnings

BY OUR KUALA LUMPUR CORRESPONDENT

MAGNUM CORPORATION, the Malaysian lottery Organisation, has reported a hefty boost to its earnings, with pre-tax profits for the year to December rising by 43 per cent to 34.6m ringgit (US$16.4m).

Group turnover was 65 per cent higher at 645m ringgit with most coming from lottery sales. Profits include dividends from the 63 per cent owned UK engineering subsidiary, Phicom.

Net attributable profit was, however, only 14 per cent higher at 20.5m ringgit because of a higher tax charge, and smaller extraordinary gains from investments.

Magnum is paying a bonus dividend of 5 per cent and a final dividend of 5 per cent, making a total of 20 per cent for the year, compared with 13.3 per cent previously. The 74m new shares, arising from the two-for-one scrip issue made late last year, are not entitled to the dividends.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 27, 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Afghanistan	Afghani	112.50
Albania	Lek	10.0745
Algeria	Dinar	9.0764
Andorra	French Franc	11.18½
	Spanish Peseta	190.90
Angola	Kwanza	(CM) 67.078
		(T) 67.839
Antigua (S)	E. Caribbean $	5.858
Argentina	Ar. Peso Free Rate	6,823.0
Australia (S)	Australian $	1.8745
Austria	Schilling	33.35
Azores	Portugu'se Escudo	126.75
Bahamas (S)	Ba. Dollar	2.1640
Bahrain (S)	Dinar	0.817
Balearic Isles	Spa. Peseta	190.90
Bangladesh (S)	Taka	37.30
Barbados (S)	Babados $††	4.328
Belgium	B. Franc	(cm) 76.80
		(fn) 79.15
Belize	B $	4.328
Benin	C.F.A. Franc	559.25
Bermuda (S)	Bda $	2.1640
Bhutan	Indian Rupee	17.80
Bolivia	Bolivian Peso	53.125
Botswana (S)	Pula	1.7225
Brazil	Cruzeiro ‡‡	175.77
Brit. Virgin Isles (S)	U.S. $	2.1640
Brunei (S)	Brunei $	4.57¼
Bulgaria	Lev	2.05
Burma	Kyat	14.402
Burundi	Burundi Franc	195.66
Cameroon Republic	C.F.A. Franc	559.25
Canada	Canadian $	2.5850
Canary Islands	Spanish Peseta	190.90
Cape Verde Isle.	Cape V. Escudo	79.50
Cayman Islands (S)	Cay. Is. $	1.803
Cent. Af. Repub.	C.F.A. Franc	559.25
Chad	C.F.A. Franc	559.25
Chile	C. Peso	(Bk) 84.47
China	Renminbi Yuan	3.6269
Colombia	C. Peso	(F) 113.04
Comoro Islands	C.F.A. Franc	559.25
Congo (Brazaville)	C.F.A. Franc	559.25
Costa Rica	Colon	37.17
Cuba	Cuban Peso	1.5851
Cyprus (S)	Cyprus £	0.8680
Czechoslovakia	Koruna	(com) 13.20
		nc 22.98
		(T) 22.40
Denmark	Danish Krone	14.84
Djibouti	Fr.	360 (sg)
Dominica (S)	E. Caribbean $	5.858
Dominican Repub.	Dominican Peso	2.1640
Ecuador	Sucre	(O) 54.09
		(F) 65.89
Egypt	Egyptian £	(U) 1.52
Equatorial Guinea	Ekuele	381.8
Ethiopia	Ethiopian Birr	(P) 4.4450
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	14.84
Fiji Islands	Fiji $	1.7930
Finland	Markka	9.0015
France	French Franc	11.18½
French C'tyin Af*	C.F.A. Franc	559.25
French Guiana	Local Franc	11.18½
French Pacific Is.	C.F.P. Franc	194 (sg)
Gabon	C.F.A. Franc	559.25
Gambia (S)	Dalasi	3.989
Germany (East)	Ostmark	4.7175
Germany (West)	Deutsche Mark	4.7175
Ghana (S)	Cedi	6.00
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	N/A

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Greenland	Danish Kroner	14.84
Grenada (S)	E. Caribbean $	5.858
Guadaloupe	Local Franc	11.18½
Guam	U.S. $	2.1640
Guatemala	Quetzal	2.1640
Guinea Republic	Syli	44.37
Guinea Bissau	Peso	79.095
Guyana (S)	Guyanese $	5.5182
Haiti	Gourd	10.82
Honduras Repub.	Lempira	4.35
Hong Kong (S)	H.K. $	11.61½
Hungary	Forint	(com) 76.1468
		(T)(nc) 67.089
Iceland (S)	I. Krona	14.452(§)
India (S)	Ind. Rupee	17.80
Indonesia	Rupiah	1,363.357
Iran	Rial	165.40(sg)
Iraq	Iraq Dinar	0.63525
Irish Republic (k)	Irish £	1.2910
Israel	Shekel	20.6
Italy	Lira	2,352.0
Ivory Coast	C.F.A. Franc	559.25
Jamaica (S)	Jamaica Dollar	3.8614
Japan	Yen	458.75
Jordan (S)	Jordan Dinar	0.701(sg)
Kampuchea	Riel	2,596.8
Kenya (S)	Kenya Shilling	18.08
Kiribati	Australian $	1.8745
Korea (Nth)	Won	2.12(‖)
Korea (Sth)	Won	1,462.50
Kuwait	Kuwait Dinar	0.597
Laos	New Kip	21.64
Lebanon	Lebanese £	8.7404
Lesotho	Loti	1.7610
Liberia	Liberian $	2.1640
Libya	Libyan Dinar	0.6406
Liechtenstein	Swiss Franc	4.3050
Luxembourg	Lux Franc	76.80
Macao	Pataca	12.11
Madeira	Portug'se Escudo	126.75
Malagasy Republic	MG Franc	559.25
Malawi (S)	Kwacha	1.895
Malaysia (S)	Ringgit	4.9875
Maldive Islands (S)	Mal Rupee	8.518
Mali Republic	Mali Franc	1,118.50
Malta (S)	Maltese £	0.8265
Martinique	Local Franc	11.18½
Mauritania	Ouguiya ‡	111.52
Mauritius (S)	M. Rupee	17.97
Mexico	Mexican Peso	51.85
Miquelon	C.F.A. Franc	559.25
Monaco	French Franc	11.18½
Mongolia	Tugrik	(o) 7.05(‖)
Montserrat	E. Caribbean $	5.858
Morocco	Dirham	10.50(sg)
Mozambique	Metical	59.65
Nauru	Australian Dollar	1.8745
Nepal	Nepalese Rupee	26.01
Netherlands	Guilder	5.24½
Netherland Antilles	Antillian Guilder	3.87356
New Zealand (S)	N. Z. Dollar	2.3950
Nicaragua	Cordoba	21.66
Niger Republic	C. F. A. Franc	559.25
Nigeria (S)	Naira	1.267479
Norway	Norway Krone	11.92½
Oman Sul'ate of (S)	Rial Omani	0.750
Pakistan	Pakistan Rupee	21.32
Panama	Balboa	2.1640
Papua N. Guinea (S)	Kina	1.4565
Paraguay	Guarani	272.91

PLACE	LOCAL UNIT	VALUE OF £ STERLING
Peru	Sol	exc (A) 870.23
Philippines	Philippine Peso	16.40
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3950
Poland	Zloty	(Cm) 73.13
		(T) 73.13
Portugal	Portugu'se Escudo	126.75
Puerto Rico	U.S. $	2.1640
Qatar (S)	Qatar Ryal	7.90
Reunion Ile de la	French Franc	11.18½
Romania	Leu	(Cm) 10.51
		(n/c) 25.86
Rwanda	Rwanda Franc	202.25
St. Christopher (S)	E. Caribbean $	5.858
St. Helena	St. Helena £	1.0
S. Lucia	E. Caribbean $	5.858
St. Pierre	Local Franc	11.18½
S. Vincent (S)	E. Caribbean $	5.858
Salvador El	Colon	5.42
Samoa American	U.S. $	2.1640
San Marino	Italian Lira	2,352.0
Sao T'oe&Principe	Dobra	81.33
Saudi Arabia	Ryal	7.29
Senegal	C.F.A. Franc	559.25
Seychelles	S. Rupee	12.85(sg)
Sierra Leone (S)	Leone	2.40551
Singapore (S)	Singapore $	4.57¼
Solomon Islands (S)	Solomon Is. $	1.8790
Somali Republic	Somali Shilling	(A) 13.644
South Africa (S)	Rand	1.7610
South West African Territories (S)	S. A. Rand	1.7610
Spain	Peseta	190.90
Spanish ports in North Africa	Peseta	190.90
Sri Lanka (S)	S. L. Rupee	38.95
Sudan Republic	Sudan £ (1)	1.082
Sudan Republic	Sudan £ (2)	1.7312
Surinam	S. Guilder	3.87356
Swaziland (S)	Lilangeni	1.75645
Sweden	S. Krona	10.22
Switzerland	Swiss Franc	4.3050
Syria	Syria £	(A) 8.510
Taiwan	New Taiwan $	77.904
Tanzania (S)	Tan. Shilling	17.8000
Thailand	Baht	44.50
Togo Republic	C.F.A. Franc	559.25
Tonga Islands (S)	Ha'anga	1.8745
Trinidad (S)	Trinidad & Tob. $	5.1936
Tunisia	Tunisian Dinar	1.0288(sg)
Turkey	Turkish Lira	215.39
Turks & Caicos	U.S. $	2.1640
Tuvalu	Australian $	1.8745
Uganda (S)	Uganda Shilling	18.10
United States	U.S. Dollar	2.1640
Uruguay	Uruguay Peso	(cm) 22.70
		(fn) 22.68
Utd. Arab Emirates	U.A.E. Dirham	7.96
U.S.S.R.	Rouble	1.5685
Upper Volta	C.F.A Franc	559.25
Vanuatu	Vatu	175(sg)
	Aust. Dollar	1.8745
Vatican	Italian Lire	2,352.0
Venezuela	Bolivar	9.30
Vietnam	Dong	(O) 4.7251
		(T) 5.18(‖)
Virgin Islands U.S.	U.S. Dollar	2.1640
Western Samoa	S. Samoan Tala	2.2299
Yemen (Nth)	Ryal	9.81(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7402
Yugoslavia	New Y Dinar	72.4738
Zaire Republic	Zaire	6.846131
Zambia	Kwacha	1.84
Zimbabwe	Zimbabwe $	1.4370

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 90.468 ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rate for non-government transactions and non-specified exports and imports. § One new Krona = 100 old Kronur.

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Dollar firm

The dollar maintained its recent firm undertone in currency markets yesterday, underpinned by a continued rise in U.S. interest rates. Trading for much of the day was quiet and uneventful but demand for the U.S. unit increased after the entry of New York into the market.

Sterling lost ground against the dollar and showed mixed changes against European currencies in featureless trading.

European rates showed little overall change. Within the European Monetary System the D-mark remained the most improved currency while the French franc eased slightly, being affected partly by the Presidential election in France. The Belgian franc maintained its recent firmer trend, leaving the Irish punt as the weakest currency although it remained well within its divergence limit.

DOLLAR — trade weighted index (Bank of England) fell from 102.5 to 102.2, failing to reflect the dollar's overall improvement. Euro-dollar rates were around one-eighth of a point higher and helped maintain interest in the dollar. The latter closed at DM 2.1800 against the D-mark compared with DM 2.1775 on Friday. Against the Swiss franc it closed at SwFr 1.9695 from SwFr 1.9845 but eased against the Japanese yen. It was however above the day's low of Y211.25 and closed at Y212.0 from Y214.75 on Friday.

STERLING—trade weighted index (Bank of England) fell to 98.9 from 99.3 having stood at 98.9 at noon and 99.0 in the morning. The pound opened at $2.1700 against the dollar and touched a best level of $2.1730. Dollar demand increased during the afternoon and sterling fell back, touching a low of $2.1620, to close at $2.1635-2.1645, a fall of 25 points from the previous close. Again European currencies sterling showed mixed changes. It fell against the D-mark to DM 4.7175 from DM 4.72 and FFr 11.1850 from FFr 11.2250 in terms of the French franc but improved against the Swiss franc to SwFr 4.3050 from SwFr 4.30.

D-MARK—Strongest member of the European Monetary System and maintaining its position despite a weaker tendency in German interest rates over the past few weeks. This trend has caused the D-mark to lose ground against the dollar, however, while U.S. rates continue to firm. Tension over the situation in Poland appears to have eased for the time being—The D-mark showed mixed changes at yesterday's fixing in Frankfurt in dull and featureless trading. The dollar eased slightly to DM 2.1753 from DM 2.1783 and sterling was lower at DM 4.7160 compared with DM 4.7210. On the other hand, the Belgian franc continued to improve and was fixed at DM 6.141 per BFr 100 against DM 6.128 and the Danish krone recovered slightly from its recent fall to DM 31.745 from DM 31.725 per DKr 100. Interest rate differentials continued to be the main influence on the market and while domestic German rates eased, U.S. rates showed little overall change.

DANISH KRONE—Tending to weaken within the EMS, reflecting in part a firmer trend in interest rates in other EMS currencies and in the U.S. Against sterling the krone has lost ground recently but is still above the level seen at the beginning of the year—The Danish krone recovered slightly at yesterday's fixing in Copenhagen. The dollar fell to DKr 6.8555 from DKr 6.8605 and sterling eased to DKr 14.8750 from DKr 14.8870. Within the EMS, the D-mark was fixed lower at DKr 3.1530 from DKr 3.1535 and the French franc eased to DKr 1.3305 from DKr 1.3325. On the other hand, the Belgian franc rose to DKr 19.358 per BFr 100 from DKr 19.32.

THE POUND SPOT AND FORWARD

April 27	Day's spread	Close	One month	% p.a.	Three months
U.S.	2.1620-2.1730	2.1635-2.1645	0.75-0.85c dis	−4.44	2.15-2.25dis
Canada	2.5800-2.5900	2.5805-2.5815	1.00-1.10c dis	−4.88	3.35-3.55dis
Nethlnd.	5.23-5.26	5.24-5.25	1¼-¾c pm	1.72	2¼-1¾ pm
Belgium	76.70-77.00	76.75-76.85	35-45c dis	−6.25	0.95-1.10dis
Denmark	14.83-14.88	14.83¾-14.84¾	¾ore pm-1 dis	−0.10	6½-8½ dis
Ireland	1.2885-1.2925	1.2905-1.2915	0.31-0.44p dis	−3.49	0.97-1.12dis
W. Ger.	4.71-4.73	4.71½-4.72½	¼pf pm-¼dis	0.32	¾ pm-¼ dis
Portugal	126.25-127.25	126.65-126.85	par-75c dis	−3.55	15-190 dis
Spain	190.70-191.50	190.80-191.00	75-110c dis	−5.81	240-290 dis
Italy	2.350-2.357	2.351-2.353	11¼-13¼lire dis	−6.25	40¾-43¾ dis
Norway	11.90-11.95	11.92-11.93	1ore pm-½ dis	0.26	1½-¾ pm
France	11.16-11.20	11.18-11.19	¾-1¾c dis	−1.21	3¾-4¾ dis
Sweden	10.21-10.26	10.21-10.23	n/a	—	n/a
Japan	457-461	458½-459½	2.20-1.95y pm	5.43	5.80-5.55 pm
Austria	33.30-33.45	33.33-33.38	13gro pm-2 dis	1.88	4½ pm-4½ dis
Switz.	4.29-4.32	4.30-4.31	1-¾c pm	2.09	2¾-2¼ pm

Belgian rate is for convertible francs. Financial franc 79.10-79.20. Six-month forward dollar 4.20-4.30c dis. 12-month 6.80-7.00c dis.

THE DOLLAR SPOT AND FORWARD

April 27	Day's spread	Close	One month	% p.a.	Three months
UK†	2.1620-2.1730	2.1635-2.1645	0.75-0.85c dis	−4.44	2.15-2.25dis
Ireland†	1.6745-1.6810	1.6745-1.6765	0.10-0.20c dis	−1.07	0.30-0.40dis
Canada	1.1920-1.1931	1.1925-1.1930	0.15-0.20c dis	−1.76	0.36-0.41dis
Nethlnd.	2.4170-2.4230	2.4220-2.4230	1.35-1.25c pm	6.45	3.57-3.47 pm
Belgium	35.41-35.50	35.47-35.49	1-4c dis	−0.85	5-9 dis
Denmark	6.8505-6.8630	6.8580-6.8595	2.65-2.15ore pm	4.20	3.50-3.00 pm
W. Ger.	2.1710-2.1840	2.1795-2.1805	0.87-0.82pf pm	4.65	2.12-2.06 pm
Portugal	58.35-58.70	58.55-58.70	20c pm-10 dis	1.03	50 pm-25 dis
Spain	88.06-88.25	88.15-88.20	5-15c dis	−1.36	15-35 dis
Italy	1,084-1,087	1,086-1,087	1.70-2.20lire dis	−2.16	8.50-9.50dis
Norway	5.4990-5.5095	5.5085-5.5095	2.40-1.90ore pm	4.69	6.50-6.00 pm
France	5.1560-5.1725	5.1675-5.1725	1.45-1.35c pm	3.26	3.20-3.00 pm
Sweden	4.7175-4.7200	4.7180-4.7190	n/a	—	n/a
Japan	211.25-212.25	211.95-212.05	1.75-1.60y pm	9.48	4.80-4.65 pm
Austria	15.37-15.42½	15.40½-15.41½	6.80-5.30gro pm	4.64	17.50-14.00pm
Switz.	1.9756-1.9910	1.9890-1.9900	1.16-1.06c pm	6.69	3.25-3.15 pm

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 27	Bank of England Index	Morgan Guaranty Changes %
Sterling	98.9	−27.1
U.S. dollar	102.2	−2.6
Canadian dollar	86.2	−17.7
Austrian schilling	116.0	+22.6
Belgian franc	108.0	+10.3
Danish kroner	88.5	−10.8
Deutsche mark	119.9	+39.8
Swiss franc	133.4	+75.3
Guilder	111.1	+15.0
French franc	85.5	−10.3
Lira	59.0	−55.2
Yen	145.6	+41.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.556449	0.537[illegible]
U.S. $	13	1.20627	1.165[illegible]
Canadian $	17.40	1.43980	1.390[illegible]
Austria Sch.	6¾	18.5693	17.95[illegible]
Belgium F.	15	42.6829	41.29[illegible]
Danish K.	11	8.27139	7.9960
D mark	7½	2.62762	2.5377
Guilder	9	2.91736	2.8195
French Fr.	9½	6.22013	6.0073
Lira	19	1310.31	1265.4
Yen	6¼	259.951	251.11
Norwgn. Kr.	9	6.61760	6.3923
Spanish Pts.	8	105.393	102.83
Swedish Kr.	12	(U)	5.5046
Swiss Fr.	4	2.39626	2.3148
Greek Dr'ch.	20½	—	61.740

OTHER CURRENCIES

April 27	£	$		£ Note Rates
Argentina Peso	6813-6833	3110-3120	Austria	33.20-33.55
Australia Dollar	1.8725-1.8765	0.8660-0.8664	Belgium	78.50-79.30
Brazil Cruzeiro	175.27-176.87	80.95-81.35	Denmark	14.77-14.92
Finland Markka	9.00½-9.02½	4.1640-4.1660	France	11.13-11.23
Greek Drachma	113.154-116.028	52.75-52.90	Germany	4.71-4.75½
Hong Kong Dollar	11.60½-11.62½	5.3620-5.3670	Italy	2320-2360
Iran Rial	165.40*	76.30*	Japan	458-464
Kuwait Dinar (KD)	0.594-0.600	0.27515-0.27535	Netherlands	5.22-5.27
Luxembourg Frc.	76.75-76.85	35.47-35.49	Norway	11.92-12.04
Malaysia Dollar	4.98¼-4.99¼	2.3020-2.3040	Portugal	123-130
New Zealand Dlr	2.3920-2.3980	1.1062-1.074	Spain	186-197½
Saudi Arab. Riyal	7.26-7.32	3.3595-3.3615	Sweden	10.25-10.35
Singapore Dollar	4.5675-4.5775	2.1105-2.1125	Switzerland	4.28½-4.33
Sth African Rand	1.7595-1.7625	0.8130-0.8143	United States	2.16-2.18
U.A.E. Dirham	7.93-7.99	3.6720-3.6740	Yugoslavia	78-81

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.3063	+1.24	+1.24	±1.5361
Danish Krone	7.91917	7.98772	+0.87	+0.87	±1.6413
German D-Mark	2.54502	2.53601	−0.35	−0.35	±1.1386
French Franc	5.99526	6.01397	+0.31	+0.31	±1.3638
Dutch Guilder	2.81318	2.82075	+0.27	+0.27	±1.5159
Irish Punt	0.685145	0.693942	+1.28	+1.28	±1.6688
Italian Lira	1262.92	1265.67	+0.22	+0.22	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

April 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.164	4.718	458.8	11.19	4.305	5.246	2352.	2.561	76.80
U.S. Dollar	0.462	1.	2.180	212.0	5.169	1.989	2.424	1087.	1.193	35.49
Deutschemark	0.212	0.459	1.	97.24	2.371	0.913	1.112	498.6	0.547	16.28
Japanese Yen 1,000	2.180	4.717	10.28	1000.	24.38	9.384	11.43	5127.	5.626	167.4
French Franc 10	0.894	1.935	4.218	410.1	10.	3.849	4.689	2103.	2.308	68.66
Swiss Franc	0.232	0.503	1.096	106.6	2.598	1.	1.218	546.3	0.600	17.84
Dutch Guilder	0.191	0.413	0.899	87.46	2.133	0.821	1.	448.4	0.492	14.64
Italian Lira 1,000	0.425	0.920	2.006	195.0	4.756	1.830	2.230	1000.	1.097	32.65
Canadian Dollar	0.387	0.838	1.828	177.7	4.334	1.668	2.032	911.3	1.	29.76
Belgian Franc 100	1.302	2.818	6.143	597.3	14.56	5.605	6.829	3062.	3.361	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 27)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 1/8	offer 16 1/4	bid 16 1/8	offer 16 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¼-12½	15¾-16	16½-17½	9¾-10	5-5½	8-8¼	12⅛-12⅜	17½-19	17-19	5½-6
7 days' notice	12¼-12⅜	15¾-16	16½-17½	9¾-10	17¼-17¾	10¾-10⅞	11¾-12⅛	18-19½	17-19	6¼-6½
Month	12 7/16-12 9/16	16⅝-16⅞	17⅛-17½	10⅜-10⅝	9 15/16-10 1/16	11 15/16-12 1/16	13⅛-13⅜	18-19	17-17½	6⅝-6⅞
Three months	12⅝-12¾	16¼-16½	17⅛-17½	10 1/16-10 3/16	9¾-9⅞	12 1/16-12 3/16	13½-13¾	19-20	17-17½	7 3/16-7 5/16
Six months	12¼-12⅜	16¼-16½	16¾-17⅛	10⅞-11⅛	9 7/16-9 9/16	12¼-12⅜	13 7/16-13 11/16	19¼-20¼	16-16½	7⅜-7⅝
One Year	12 3/16-12 5/16	15⅝-15⅞	16⅞-17¼	10⅞-11⅛	8⅞-9	11⅞-12	13 7/16-13 11/16	19-20	15-15½	7¾-8

SDR linked deposits: one-month 13-13⅜ per cent; three-months 13½-13¾ per cent; six-months 13 9/16-13 11/16 per cent; one-year 13½-13⅞ per cent.

ECU linked deposits: one-month 12 15/16-13 5/16 per cent; three-months 13 5/16-13 9/16 per cent; six-months 13¼-13½ per cent; one-year 12⅞-13¼ per cent.

Asian $ (closing rates in Singapore): one-month 16 9/16-16 11/16 per cent; three-months 15 15/16-16 1/16 per cent; six-months 15 15/16-16 1/16 per cent; one-year 15 9/16-15 11/16 per cent. Long-term Eurodollar two-years 15¼-15½ per cent; three-years 15¼-15½ per cent; four-years 15¼-15½ per cent; five-years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.65-15.75 per cent; three-months 16.00-16.10 per cent; six months 16.10-16.20 per cent; one-year 15.60-15.70 per cent.

INTERNATIONAL MONEY MARKET

German money eases

Call money fell to 8-8.50 per cent from 9.50-9.75 per cent in the Frankfurt money market yesterday, leading to intervention by the German Bundesbank to withdraw liquidity by way of currency repurchase transactions. This pushed the rate back up to around 9 per cent.

The decline continued a steady downtrend since trading began at 11-11.50 per cent after the Easter holiday, requiring repeated intervention by the central bank to absorb funds through foreign exchange swaps.

Commercial banks are reported to be ahead with their minimum reserve funding for April, while the improvement in liquidity has left the 12 per cent special Lombard facility almost totally neglected.

Fixed period rates showed little change, with one-month at 12.25-12.35 per cent, compared with 12.20-12.35 per cent; three-month unchanged at 12.90-13.00 per cent; and six-month at 12.75-12.90 per cent, against 12.80-12.90 per cent; 12-month eased to 12.15-12.35 per cent from 12.20-12.40 per cent.

The first round of the French Presidential elections had no impact on the Paris money market, where conditions are expected to remain stable until the second round on May 10. Call money was unchanged at 12¼ per cent, where it has been since the beginning of the month. The Bank of France auctioned FFr 2.8bn of 12-month Treasury bills yesterday.

UK MONEY MARKET

Moderate help

Bank of England Minimum Lending Rate 12 per cent (from March 10, 1981)

Funds were in short supply in the London money market yesterday, and the authorities gave assistance on a moderate scale by buying a small amount of Treasury bills and a moderate number of eligible bank bills from the discount houses.

There was a small excess of revenue payments to the Exchequer over Government disbursements, and the market was also faced with a moderate amount of maturing commercial bills in official hands.

Discount houses paid around 11¾ per cent for secured call loans at the start, with closing balances taken at 11¾-12 per cent. In the interbank market overnight loans opened at 12-12¼ per cent, and showed little movement on the day, before closing at 12¼-12½ per cent.

GOLD

Weaker trend

Gold fell $12 an ounce in the London bullion market yesterday to close at $482-485. Trading was generally dull and featureless although the softer trend may have been accelerated by news that Saudi Arabia would be increasing oil output in an already surplus market.

In Paris the 12½ kilo bar was fixed at FFr 86,000 per kilo ($518.69 per ounce) in the afternoon compared with FFr 86,000 ($518.88) in the morning and FFr 86,900 ($524.16) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,130 per kilo ($488.02 an ounce) against DM 34,570 ($494.01) previously and closed at $481-484 per ounce.

In Zurich gold finished at $488-491.

	April 27		April 24	
Gold Bullion (fine ounce)				
Close	$482-485	(£222¾-225)	$494-497	(£228-229¾)
Opening	$488-491	(£224¾-226)	$490-493	(£226½-226¾)
Morning fixing	$488.75	(£225.230)	$491.75	(£226.509)
Afternoon fixing	$483.00	(£223.043)	$494.50	(£227.518)
Gold Coins				
Krugerrand	$499-500	(£230¾-231¼)	$509-510	(£235-235½)
1/2 Krugerrand	$257-258	(£118¾-119¼)	$263-264	(£121¼-121¾)
1/4 Krugerrand	$131-132	(£60½-61)	$134-135	(£61¾-62¼)
1/10 Krugerrand	$53½-54½	(£24¾-25¼)	$54¾-55¾	(£25¼-25¾)
Mapleleaf	$493-494½	(£228-228½)	$505-506	(£233-233½)
New Sovereigns	$121½-122½	(£56-56½)	$123¾-124¾	(£57-57½)
King Sovereigns	$139-141	(£63½-64½)	$139-141	(£64¼-65¼)
Victoria Sovs.	$139-141	(£63½-64½)	$139-141	(£64¼-65¼)
French 20s	$181-184	(£83½-85)	$181-184	(£83½-85)
50 pesos Mexico	$607-611	(£280½-282½)	$612-616	(£282½-284½)
100 Cor. Austria	$475-480	(£219½-222)	$477-481	(£220-222)
$20 Eagles	$590-595	(£272½-275)	$591-595	(£273-275½)

MONEY RATES

NEW YORK

Prime Rate	17½
Fed. Funds	[illegible]
Treasury Bills (13-week)	13.98
Treasury Bills (26-week)	13.89

GERMANY

Special Lombard	12.00
Overnight Rate	8.25
One month	12.30
Three months	12.95
Six months	12.825

FRANCE

Intervention Rate	12.25
Overnight Rate	12.25
One month	12.6875
Three months	12.75
Six months	12.9375

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.1875
Bill Discount (three-month)	7.28125

LONDON MONEY RATES

April 27 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	12-12¼	—	—	—	—	11½	11¼-12	—	—
2 days notice	—	—	12¼	—	—	—	—	—	—	—
7 days or...	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾-13 per cent; four years 13 per cent; five years 13¼ per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12¾ per cent; four-months trade bills 12¾ per cent.

Approximate selling rate for one-month Treasury bills 11⅞-11⅝ per cent; two-months 11⅞-11¾ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bank bills 11⅞ per cent; two-months 12 per cent; three-months 12 per cent; one-month trade bills 12¾ per cent; two-months 12¾ per cent and three-months 12⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from April 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.2444 per cent.

APPOINTMENTS

Senior post at Plessey

Mr. Vivian Butler has been appointed managing director of PLESSEY ENGINEERING AND COMPONENTS, a newly-formed management company responsible for the electronic components division, solid state division, Plessey Aerospace, Birkby's Plastics and Plessey Hydraulics International. Mr. Butler, currently managing director of Plessey overseas division, will take up his new appointment on May 11, reporting to the chief executive office through Mr. W. J. Dalziel. Plessey Microsystems is not included in the new grouping and in future will report directly to Mr. M. W. Clark, deputy chairman and deputy chief executive.

★

Mr. Alan Henderson has been appointed managing director of LOMBARD ODIER INTERNATIONAL PORTFOLIO MANAGEMENT.

★

Mr. Jeffrey Taylor is to become a partner of STANCLIFFE TODD AND HODGSON, stockbrokers, from May 1. He is currently an associate with the firm. He will operate from the Middlesbrough head office. On the same day, Mr. Anthony Cowen is to join the firm as an associate, operating from the Sunderland office. He is currently a partner with Boys-Stones Simpson and Spencer, stockbrokers, Newcastle.

★

Mr. J. D. S. Bennett has joined the Board of JOHN MENZIES (HOLDINGS). Previously, he held several senior financial positions with the Chloride Group.

★

Mr. Barry Stuart Smith has been appointed managing director of O.D. (MANAGEMENT CONSULTANCY), a new company in the Organisation Development Group.

★

Mr. R. L. Vigars has been appointed a non-executive director of PEACHEY PROPERTY CORPORATION.

★

Mr. Steve Knight has been appointed sales director of DEVLIEG MACHINE COMPANY. He was general manager of the machine tool division of Wadkin.

★

THE CHASE MANHATTAN BANK has appointed vice president Mr. William J. Dahms as assistant general manager for its London branch corporate banking division. Mr. Dahms will lead the division responsible for marketing the bank's services and products to commercial customers in the UK and co-ordinating the bank's international network.

★

Mr. Brian Butters has been appointed technical director of CHEMRING, the Portsmouth-based manufacturer of radar reflective products.

★

Mr. Henry Lambert, chairman of Barclays Bank International, and Mr. Stuart Errington, managing director of Mercantile Credit, have been appointed directors of BARCLAYS AMERICAN CORPORATION. Mr. Bob J. White, president and chief operating officer of Barclays American Corporation, has been appointed a director of Mercantile Credit.

★

Mr. R. C. Hale has been appointed a non-executive director of BARTON AND SONS, the Midlands-based engineering and industrial services group. Mr. Hale is at present chairman of G.E.C.-Avery, having been chairman and managing director of Avery and chairman of a number of its subsidiary companies.

★

Mr. Michael Cansdale has been appointed to the Board of DAVID AND CHARLES (HOLDINGS), Heritage Fine Art of Bristol joining the Newton Abbot based publishing group.

★

Mr. Roger Smith has been appointed a director of the HARPENDEN AND DISTRICT BUILDING SOCIETY. Mr. Smith is a director of Tricentrol where he is responsible for group co-ordination.

★

Mr. Derek C. Bonham has been appointed an executive director of HANSON TRUST. Mr. Anthony R. Cotton, chief executive of Hanson Industrial Services, with responsibility for Lindustries, SLD and Northern Amalgamated Industries, has been appointed an associate director of Hanson Trust.

★

Mr. Alastair Frame has been appointed a non-executive director of VICKERS. He is joint deputy chairman and chief executive of Rio Tinto-Zinc Corporation.

★

Mr. Kenneth C. S. Young has succeeded Mr. Alan B. Brooker as chairman of ROBOPHONE, the telephone systems subsidiary of Extel Group. Mr. Brooker is chairman and chief executive of Extel Group. Mr. Young is a main Board director and managing director of the Exchange Telegraph Company, the Group's sporting and financial news agency and communications subsidiary.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bk.	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14½%		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¾%, and over £50,000 10½%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

PLANT AND MACHINERY

SEMINARS

MANAGEMENT COURSES

WORLD STOCK MARKETS

Dow off 0.99 at mid-session

STOCKS TURNED narrowly lower in active trading by mid-session after being higher through most of yesterday morning. Insurance companies were strong, however.

Analysts said investors were taking profits on recent gains which had lifted the Dow Jones Industrial Average to an eight-year high on Friday. They noted that despite a small decline in the money supply the *bond market remained in the* doldrums, disappointing those hoping for an easing of interest rates.

The Dow Jones Industrial Average was off 0.99 at 1,019.36 at 1pm. Advances edged declines by a few issues on volume of 26m shares. The NYSE All Common Index was off 0.13 at 77.92 at 1pm.

Among the Oils, **Mobil** slipped $½ to $60¾ despite news of a big gas find in the Mediterranean. Late on Friday, Mobil also reported a big gas find off Nova Scotia, near Sable Island. **Texaco**, a partner in that find, slipped $½ to $35.

Volume leader **Sony Corporation** gained $⅞ to $19¼. Active **IBM** added $¼ to $61. It may enter the personal computer market and looks for a rebound in its historical growth rate.

Among Insurance Companies, **Reliance Group** jumped $3 to $81, **Connecticut General** $¾ to $52½, **General Re** $1⅜ to $71¼ and **Aetna Life**, which rose $1⅝ on Friday, added $½ to $36¾.

General Dynamics lost $1½ to $33. **Compugraphic** dropped $2 to $24⅞. It reported lower fiscal second quarter net and omitted its quarterly dividend.

American exchange prices were mixed in active trading. *the index slipped 0.30 to 360.78* but advances led declines by a small margin on volume of 3.38m shares.

Houston Trust, when issued, slipped $1½ to $33⅞. It recently merged with Tenneco. **Standard Alliance** eased $⅝ to $39¼. It rose $4¾ on Friday on news that *Walco National will bid $40* apiece for Standard's shares Walco tacked on $½ to $29½.

Closing prices for North America were not available for this edition.

Canada

Markets were lower. The Toronto Composite Index was off 1.6m at 2350.6. The Metals and Minerals was up 5.6 at 2361.8. The Gold Share index was off 4.4 at 4308.3 and Oil and Gas lost 22.2 at 4481.9.

Tokyo

The Nikkei Dow Jones average jumped 40.30 to close at a record 7,588.03. Dealers felt the market was anticipating more foreign purchases following the yen's sharp recovery against the U.S. dollar.

The Tokyo Stock Exchange Index added 2.34 to 553.74 in *light trading, a turnover of 380m* shares.

High-priced Electricals and Precisions were bought actively with many dealers encouraged by the upturn on Wall Street. Machine tools and industrial robot makers were also favoured because of anticipated good demand for apanese machines from the U.S.

TDK Electronics gained Y210 to Y4,570. **Sony** Y100 to Y4,040, ***Victor Japan** Y150 to* Y3,100, **Canon** Y80 to Y1,170, **Fuji Photo** Y100 to Y1,450 and **Matsushita Elec.** Y60 to Y1,410.

Blue Chips in many sectors were also higher on selective buying by smaller investors with **Yasukawa Elec.** up Y13 to Y418, **Ikegai Iron Works** Y28 to Y243, **Makino Milling Machine** Y22 to Y862, **Kawasaki Heavy Ind.** Y3 to Y223 and **Fujitsu** Y15 to Y610.

Heavy Electric machines and Shipbuildings were also higher with **Hitachi** up Y22 to Y530 and **Mitsubishi Elec.** Y15 to Y360. Steels and Motors fell on profit-taking. The second market ended sharply higher.

Singapore

Share prices closed firm over a wide front on strong buying support in continuance of last week's trend influenced by higher overseas markets.

The Straits Times Index rose 15.75 points to a record 573.66.

Among Industrials and Finances, **Genting BHD**, **Industrial and Commercial Bank**, **Overseas Chinese Bank** and **Hong Leong Credit** rose between 40 and 70 cents.

Germany

The shares rally continued, many closing at their day's highs. The Commerzbank index reaching a new high for the year, at 727.2, up 2.1 from Friday.

Bourse sources said the impetus came from foreign interest in smaller construction shares and **Daimler-Benz**, which rose DM 3.50 to DM 308. **VW** was also higher at DM 167.10, up DM 1.80, while **BMW** slipped DM 1 against the trend to DM 178.

Banks were mixed, with **Deutsche** rising DM 2 to DM 297 ahead of trading in the new rights issue. **Commerzbank** slipped DM 0.50 and **Dresdner** DM 0.70.

Chemicals were narrowly firmer, though **Hoechst** declined DM 0.50 to DM 122. **Kaufhof** gained DM 3 to DM 180 in otherwise little changed stores.

GHH continued to gain, reaching DM 312 at the close, up DM 7.20 from Friday. **Deutsche Babcock** was unchanged at DM 205 and **Linde** gained DM 1.50 to DM 313.50.

Siemens closed DM 0.80 higher at DM 262.80, having reached DM 264, but **AEG** closed at its low for the day, DM 58.50, off DM 1.90.

Australia

Interest rate concern returned to erode confidence among *Industrials, while sellers* continued to take profits from selected oil and mining issues.

The Industrial Index, which until today had fallen only three times in 36 trading days, ended 4.6 points down at 752.2 after the Bank of New South Wales announced its large overdraft rate had been raised 0.75 of a percentage point to 15 per cent.

The All Ordinaries Index eased 8.5 points to 712.4, influenced by **BHP's** 30-cent fall to A$[illegible] on news that the company's share of Bass Strait oil production fell 8 per cent over last year in the nine months to March 31.

BHP rights, which will pull about A$160m out of the market when a payment of A$4.50 is due Thursday, finished 50 cents down at A$5.10.

Among Oils, **Woodside** fell 1[illegible] cents at A$2.45, **Ampol Exploration** 15 cents to A$4.50, **Bridge** 20 cents to A$6.80 and **Santos** closed at A$6.90 against A$21.5[illegible] on Friday, after going ex 10-cent dividend and two-for-one bonus.

CSR fell 26 cents to A$5.7[illegible] ahead of the issue of its quarterly report, **MIM** eased five cents to A$4.75, **CRA** was steady at A$4.60, **Woolworths** fell eight cents to A$2.28 and the **Bank of NSW** was off five cents at A$3.35.

Paris

Share prices fell sharply in quiet trading as last week's optimism over the outcome of the French Presidential election disappeared.

Socialist Francois Mitterrand's 26 per cent share of the vote was closer to President Valery Giscard d'Estaing's 28 per cent than the market expected.

Banks, which would be among the sectors affected by Mitterrand's nationalisation plans, were lower with **CCF** down FFr 4.9 at FFr 210 and **CFF** down FFr 8 at FFr 386.

Other lower sectors included Cars, Engineerings, Metals and Oils.

In mixed Electricals, **Thomson** fell FFr 10 to FFr 379 despite announcing a FFr 300m Egyptian contract, while **Cit-Alcatel** advanced FFr 7 to FFr 1,005.

Johannesburg

Gold shares closed slightly easier following a dull day's trading. Mining Financials tended firmer where traded, **Anglos** rising 10 cents to R16.35. In Diamonds, **De Beers** and **Anamint** fell 20 and 275 cents to R9 and R107m respectively.

Indices

NEW YORK —DOW JONES

	Apr. 24	Apr. 23	Apr. 22	Apr. 21	April 20	Apr. 16	1981 High	1981 Low	Since Cmpil'tn High	Since Cmpil'tn Low
● Industr'ls	1020.35	1010.27	1007.02	1005.9	1016.94	1005.58	1020.35 (24/4)	951.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	60.52	60.00	60.99	60.86	61.14	60.94	65.78 (16/1)	60.00 (23/4)	—	—
Transport..	441.68	440.83	443.20	439.02	444.84	447.38	447.38 (16/4)	379.19 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	106.47	106.47	106.54	107.09	107.24	107.16	117.81 (6/1)	105.34 (14/4)	165.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	60,000	64,200	65,960	60,280	51,020	52,950	—	—	—	—

● Day's high 1024.68, low 1004.32

Ind. div. yield %	Apr. 20	Apr. 10	Apr. 3	Year ago (approx)
	5.51	5.54	5.50	6.30

STANDARD AND POORS

	Apr. 24	Apr. 23	Apr. 22	Apr. 21	April 20	Apr. 16	1981 High	1981 Low	Since Cmpil'tn High	Since Cmpil'tn Low
‡Indust'ls	155.07	151.65	151.91	152.04	154.34	152.52	157.02 (6/1)	145.73 (2/2)	162.98 (28/11/80)	3.52 (30/6/32)
Composite	135.14	135.94	134.14	134.25	136.25	134.70	138.12 (6/1)	126.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

Timber demand rise forecast

Financial Times Reporter

WORLD DEMAND for timber will almost double by the end of the century, acording to a report published yesterday. But it says there is increasing concern about future supplies and the prices that will have to be charged.

The report, by the Economist Intelligence Unit says that by the turn of the century world demand will be 86 per cent higher than it was in 1976, but that main producing countries were becoming much more conservation-minded.

Timber users and others involved in the industry, particularly in the non-producing countries, are becoming increasingly worried about future supplies and their price, it says.

"The output of wood cannot be increased at will and certainly not without a rise in costs, since the natural forests of the world still exploitable are located in regions where exploitation can be started only after substantial investments.

"Transportation distances are greater pushing up the average freight costs."

Felling between 1975 and 1978 accounted for 2.54bn cubic metres out of 315bn cubic metres of growing stock, some 47 per cent went for fuel and the rest for industrial production.

* World Timber to the Year 2000.*

Peru permits anchovy fishing

PERU'S Ministry of Fisheries has authorised a five-day anchovy fishing campaign from the ports of Pisco and Chimbote on the southern and northern coast. Fishing is limited to a total of 25 vessels operating once a day on an exploratory basis from April 22 to 28.

The operation has apparently been authorised in response to repeated claims from fishermen that there are large schools of anchovy in the area, although the Peruvian Marine Research Institute says resources are still below 2m tonnes.

Peru's anchovy stocks plummeted over the past seven years from 20m tonnes to near extinction due to a combination of overfishing and the appearance of the warm current off the Peruvian coast. Although anchovy fishing was banned in 1976 off most of the coast it has continued in the far south near the border with Chile.

Cocoa pact hopes fade

BY JOHN EDWARDS, COMMODITIES EDITOR

THE IVORY COAST maintained its opposition to the proposed new International Cocoa Agreement at a meeting of the Cocoa Producers Alliance that opened in Abidjan yesterday.

Mr. Denis Bra Kanon, Ivory Coast Agriculture Minister, at the opening of the Alliance's four-day meeting said the new International Cocoa Agreement "blocked itself as a result of lack of realistic clauses." He said the proposed pack was "inoperative" and that producers should seek to defend themselves.

The Ivory Coast has consistently opposed the new Agreement, negotiated last year, on the grounds that the "floor" price of 110 cents a pound was too low. Since then the surplus of cocoa available, partly as a result of big crop increases in the Ivory Coast making it the world's biggest producer, has forced market prices to below 95 cents a pound. While demanding a higher Agreement price range the Ivory Coast has been a consistent seller of cocoa at depressed levels after its failure last year to boost prices by holding off the market.

Given that Ivory Coast is the biggest producer, its attitude is crucial to the future of the International Cocoa Agreement. If it continues to refuse to join, then there are unlikely to be sufficient producing and importing countries prepared to ratify the pact.

In spite of brave talks of defending themselves, producing countries will find it difficult to control the market unilaterally mainly because of disagreements amongst themselves.

Reports of further selling by producers, and the threat of Nigeria having to dispose of a hefty surplus built up, put cocoa market prices under heavy pressure recently.

On the future market the July position dropped by £41 last week and the July position lost a further £3 to £953.5 a tonne yesterday. These losses offset some of the gains made prior to the Easter holiday when the market rallied strongly on hopes of a new cocoa pact raising prices.

Slight increase in wool output

WORLD WOOL production for the 1980-81 season is estimated at 2.76m tonnes greasy, a marginal increase on last season's figure of 2.75m tonnes, the International Wool Secretariat said.

This figure is slightly higher than the 2.75m tonnes greasy for 1980-81 estimated by the latest Commonwealth Secretariat wool quarterly report.

Announcing the figures to the International Wool Textile Organisation annual conference in Christchurch, New Zealand, IWS statistical secretary said world wool production would only increase slightly, due to adverse weather in Australia and the Soviet Union.

Continuing drought in Australia and further expansion in the live sheep export trade to the Middle East had cut sheep numbers and retarded growth. Australian output for 1980-81 would be 683,000 tonnes, 4 per cent down on last season's figures.

The clip in the USSR was expected to be 462,000 tonnes, down 10,000 tonnes from 1979-80 figures.

Wool held its percentage share of the overall fibres market in 1980, with 31.8 per cent in the 10 main wool textile manufacturing countries which provide a breakdown of consumption data, against 32 per cent in 1979.

The LWS said it seemed stocks were now under control in the wool textile industry and the de-stocking cycle could be ending. The conference was told the continuing shift in wool textile and clothing production towards developing countries (including China) and eastern Europe was a challenge that could be met by western manufacturers prepared to look ahead, plan and pursue new markets.

International trade would continue to grow, for the next five to seven years at least, but most of this trade would be between the industrial countries.

Reuter

Cotton pact urged

AN 18-nation group of developing countries which export cotton will press hard for an effective international agreement during a one-week UN meeting which began in Geneva.

The so-called Izmir Group, together accounting for 33 per cent of world cotton exports, is certain to stand firm on a demand for a pact containing measures to stabilise the price of cotton, a spokesman for the UN Conference on Trade and Development (Unctad) said.

However, the world's largest net exporter, the U.S., with 27 per cent of the trade, and Japan, the largest importer at about 20 per cent, oppose any structure that would interfere with the market evolution of cotton prices.

The Izmir Group said at the last preparatory meeting in Geneva in March, 1980, it wanted price stabilisation through an international buffer stock or internationally-co-ordinated national cotton stocks, or a combination of both.

The USSR, second largest net exporter with about 13 per cent of world trade, support the Izmir Group demands, but suggests a price stabilisation scheme of multilateral commitments backed by national stocks.

About 20m bales of cotton or 4.25m tonnes are traded internationally every year and Unctad has designated it one of 18 commodities where the market should be stabilised, mainly for the benefit of poorer producer countries.

Reuter

Jute exporters meet to plan pact strategy

DACCA—Seven jute-producing nations began a two-day meeting yesterday to work out a joint strategy for negotiations on the proposed International Jute Organisation (IJO).

The meeting sponsored by United Nations and attended by India, China, Nepal, Burma, Thailand, Brazil and Bangladesh, will follow up discussions held at a similar meeting in Calcutta last month.

The IJO was proposed to protect interests of the jute producing countries against synthetics. A final round of negotiations will be held with the consuming nations in Geneva early next month.

Reuter

Heavy falls in sugar market

By Our Commodities Staff

LAST WEEK'S rally in world sugar values was virtually wiped out yesterday. In the morning the London daily raws price was fixed at £192 a tonne, £8 below Friday's level, and by the close the August position on the London futures market had lost £12.30 to £192.85 a tonne—only slightly above the 13-month low reached before the Easter holiday.

Dealers attributed the sharp setback to lack of consumer buying interest, suggestions that the Soviet Union might have completed its early 1981 buying programme, and news that India had released more sugar for export.

Small buying tenders are being held this week by Morocco, Syria and Egypt, but no further tenders are scheduled. Big buyers such as the Soviet Union have been absent from the market for some time.

In Rateburg, West Germany, sugar statistician F. O. Licht said the recent bad weather may have damaged the European sugar beet crop but added that it was too early to assess the extent of the damage.

He said some re-sowing would have to be done and beet development was likely to be set back as a result. He thought initial damage reports might be exaggerated, however.

In London the British Sugar Corporation said there might be minor damage to the British crop but details would not be known for at least another week.

Aluminium use revival forecast

By Roy Hodson

REYNOLDS METALS, the U.S. aluminium producer, is forecasting a strong revival in U.S. demand in 1982 after a period of poor sales this year.

All the indications, says, Reynolds, are that 1982 should be a good year with U.S. industry shipments up 13 per cent reflecting a stronger economy and more use of aluminium.

Reynolds expects U.S. aluminium industry shipments to increase by an average of 3.8 per cent during the period 1979 to 1986 compared with 2.9 per cent anual growth in the previous ten years.

TIN MARKET

Higher stocks depress price

BY ROY HODSON

CASH TIN fell £42.50 to finish at £5,885 a tonne on the London Metal Exchange yesterday reflecting the weak market in Penang and a big rise in the LME's own warehouse stocks.

The LME tin stocks rose last week by 700 tonnes to a four-year high of 7,120 tonnes. A world surplus of some 5,000 tonnes of tin production this year is now being forecast by some traders.

A fall in the Straits tin price in Penang at the week-end to 29.71 ringgit per kilo forced the price into the lower International Tin Council buffer stock range of 27.28 to 30.01 ringgit per kilo. In that price range the buffer stock should be a net buyer on world markets. However, the market is not expecting strong support from the buffer stock manager until prices fall even lower.

One possibility is that the London tin market will be given some support by the buffer stock partially exchanging 1,500 long tons of U.S. tin from the strategic stockpile with LME warehouse holdings through a switch arrangement with international dealers.

Mixed news on copper production and an increase in the LME stocks of 325 tonnes to 120,400 tonnes last week helped the price for cash wirebars to decline by £6 to £839.75 a tonne. In Chile talks aimed at ending the week-old strike by 10,000 workers at the El Teniente copper mine will resume on Wednesday.

However, the Chilean copper workers union is claiming that other unions in distribution, mining, and the airlines are ready to back their fight.

Cominco in British Columbia reported that the United Steelworkers of America had rejected its new contract offer and had scheduled a strike vote for early next week. This helped boost zinc prices in particular.

The free market price for aluminium continued to weaken yesterday with a fall on the LME of £3.75 to £600.50 a tonne for cash metal. While fabricators are trying to make higher prices stick for some aluminium products, there is no sign of an end to the continuing slump in demand for aluminium ingot. Stocks at smelters have been rising for 12 months and now stand at well over 2m tonnes. The LME warehouses now have 52,525 tonnes of metal in stock after a big rise last week of 1,500 tonnes.

LME lead stocks fell last week by 900 tonnes to 46,575 tonnes, zinc stocks rose 125 tonnes to 89,875 tonnes, nickel fell 150 tonnes to 3,035 tonnes, and silver fell 130,000 ounces to 24,460,000 ounces.

Producers ready to get tough

BY WONG SULONG IN KUALA LUMPUR

MINING ministers of Indonesia Malaysia and Thailand, who met in Kuala Lumpur over the week-end to discuss tin have shown a much tougher stance.

This is in part a reflection of their concern over the sharp deterioration of tin prices, and their frustration over the uncertainties surrounding the future of the International Tin Agreement.

The three countries, which together with Singapore and the Philippines, are members of the Association of Southeast nations, Asean, are the world's top three tin producers, accounting for 65 per cent of global exports.

Even as the mining ministers met, the tin price on the Penang market fell to 29.71 Ringitt per kilo—the lowest price recorded in 27 months.

During the past 12 months, tin prices have follen by 27 per cent, expressed in terms of a "soft" Ringgett. In terms of sterling and dollars, the fall has been even sharper.

The mining ministers issued yet another appeal to the U.S. to suspend tin sales from its strategic stockpile, but this time, with an implied threat they would take "appropriate measures" to strengthen the market if the appeal is ignored.

At this stage, the "appropriate measures" would be in the form of stronger political pressure, but if the price continues to slide, some form of market intervention cannot be ruled out.

The price fall is claimed to have resulted already in the closure of 110 marginal mines in Malaysia and Thailand. Dr. Subroto, Indonesia's mining and energy minister, claims the viability of his country's planned investments into high risk offshore mining is being jeopardised.

Production cost for Malaysia's gravel mines (which account for 55 per cent of national output) during the second half of 1980 was 2,112 ringgit per pikul, or 34.92 ringgit per kilo. Production costs for other producing countries, particularly Bolivia, are higher.

These figures are, of course, disputed by tin consumers, particularly the U.S., whose refusal to discuss an upward revision of prices led to a walk-out by producers at the International Tin Council meeting last month.

Increasingly, therefore, the U.S. is being viewed by the tin-producing countries as the "spoiler" in the tin market. The Reagan Administration's view of commodity pacts serves to reinforce this suspicion. Opinion about the U.S. has hardened to the extent that at the week-end meeting the three South-East Asian tin producers have decided that they are prepared to leave the U.S. out of the next tin agreement, if outstanding issues could not be resolved.

The fourth round of negotiations on the Sixth Tin Agreement will resume in June, and it will probably be the last chance for producers and consumers to come to a deal. The current agreement expires in June next year.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Marginally easier in quiet trading on the London Metal Exchange. Forward metal opened at £859.5 and edged up to £862 before closing the afternoon Kerb at £860.5. Turnover: 22,750 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	842-.5	—1.5	839.5-40	—5
3 months	862-.5	—2	860.5	—1.5
Settlem't	842.5	—1.5	—	......
Cathodes				
Cash	834.5-5	—5.75	833-5	—3
3 months	851-2	—1.5	849-.5	—4.25
Settlem't	835	—4	—	......
U.S. Prod.	—		*85.9	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £842, 42.5, 42, three months £859, 60, 60.5, 61, 61.5, 62, 62.5, 63, 62.5. Cathodes, cash £835, three months £851. Kerb: Wirebars, three months £862.5, 62, 61, 61.5, 62, 61. Afternoon: Wirebars, cash £839.5, three months £860, 59.5, 60.5, 61. Kerb: Wirebars, three months £861, 61.5, 62, 62.5, 62, 61.5, 61.

TIN—Lost ground following the fall at Penang and the sizeable rise in warehouse stocks. Forward metal held steady around the £6,020 to £6,030 range throughout the morning but came under heavy chartist and stop-loss selling in the afternoon when the price dipped below £6,000 to touch £5,970 before closing the late Kerb at £5,990. Turnover: 1,145 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5940-5	—27.5	5880-90	—42.5
3 months	6035-40	—30	5980-5	—57.5
Settlem't	5950	—25	—	......
Standard				
Cash	5940-50	—27.5	5880-90	—42.5
3 months	6035-40	—30	5980-5	—57.5
Settlem't	5950	—25	—	......
Straits E.	$29.71	—0.34	—	......
New York	—	......		

Morning: Standard, cash £5,950, 40, three months £6,020, 30, 40, 35, 30, 35. Kerb: Standard, three months £6,025. Afternoon: Standard, three months £6,025, 20, 15, 10, 6,000, 5,990, 70, 60, 70, 80, 85. Kerb: Standard, three months £5,990.

LEAD—Easier on balance. Forward metal rose to £364 in early trading on rumours that workers at Cominco have rejected the latest labour contract offer. However, nervous selling and profit-taking pared the price during the afternoon with three months closing the Kerb at £353. Turnover: 6,775 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	356-.5	+1.75	348.5-9.5	—4.5
3 months	363-.5	+2.75	355-6	—4.75
S'ment	356.5	+1.5	—	......
U.S. Spot	—	......	*38	......

Morning: Cash £357, 56.5, three months £363, 64, 63.5, 63. Kerb: Three months £363, 62, 61. Afternoon: Three months £361, 61.5, 60.5, 60, 59.5, 59, 58, 57.5, 58, 57, 56, 55. Kerb: Three months £355, 55.5, 55, 54, 53.

ZINC—Firmer on the Cominco strike rumours. Forward metal rose sharply to £401 on the early pre-market but thereafter attracted profit-taking which left the price at £395 on the late Kerb. Turnover: 6,200 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	388-.5	+9	385.5-6.5	+5.5
3 months	398-.5	+8.62	395.5-7	+5
S'ment	388.5	—4	—	......
Primw'ts	—	......	*43.5	......

Morning: Three months £399.5, 99, 98.5, 98, 98.5. Kerb: Three months £398, 97.5, 97. Afternoon: Three months £397, 96, 95, 96, 96.5. Kerb: Three months £397, 96, 95, 95.5, 95.

ALUMINIUM—Moved narrowly with forward metal easing to £615, following the stocks increase, before recovering to close the afternoon Kerb at £623.5. Turnover: 10,150 tonnes.

Morning: Cash £598, three months £621, 20, 19, 18, 17, 16, 15.5, 18, 20.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	599-600	—5.75	600-1	—5.75
3 months	619-20	—5.5	620-1	—5.25

Kerb: Three months £620. Afternoon: Three months £621, 20, 21, 20.5. Kerb: Three months £620, 21, 22, 23.

NICKEL—Firmer in routine trading which saw forward metal edge up to close at £2,957.5. Turnover: 870 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2920-5	—27.5	2910-20	+32.5
3 months	2960-5	—32.5	2960-5	+15

Morning: Cash £2,925, three months £2,950, 60, 65. Kerb: Three months £2,960. Afternoon: Three months £2,960, 65.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 7.7p an ounce lower for spot delivery in the London bullion market yesterday at 517.8p. U.S. equivalents of the fixing levels were: spot $11.231, down 16.4c; three-month $11.691, down 16.8c; six-month $12.155, down 14.7c; and 12-month $13.014, down 14.8c. The metal opened at 519p-526p ($11.25-$11.40) and closed at 512p-519p ($11.10-$11.25).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	517.80p	—7.7	516.5p	—12.75
3 months	533.70p	—7.45	531.75p	—13.0
6 months	550.00p	—8.55	—	......
12 months	568.00p	—8.55	—	......

LME—Turnover 180 (81) lots of 10,000 ozs. Morning: three months 535, 34, 34.5, 34, 33.5, 34. Afternoon: three months 532, 30.5, 33, 33.5, 33, 31, 31.5. Kerb: three months 532.

COCOA

Futures opened slightly lower and traded within a narrow range for prices to close unchanged. Actuals business was active with further interest shown by manufacturers who continued to price fix while producers awaited higher levels before resuming sales, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or —	Business Done
May	931-932	-5.0	933-925
July	955-954	-3.0	957-948
Sept	973-974	......	977-968
Dec	995-996	......	999-991
March	1018-1019	-1.0	1021-14
May	1034-1037	-1.5	1037-31
July	1052-1055	-1.0	1052

Sales: 2,625 (3,019) lots of 10 tonnes.

ICCO Futures—Daily price for April 24: 95.58 (97.85); five-day average 97.62 (98.31).

COFFEE

Early follow through buying inspired a slightly higher opening as values advanced steadily towards the upper reaches of the recent trading range, reports Drexel Burnham Lambert. A steady New York market helped further gains to be posted although persistent Commission House buying was well matched by trade selling in a £10 range.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1078-80	+7.5	1082-70
July	1083-84	+9.5	1084-75
Sept	1075-84	+13.0	1084-74
Nov	1076-78	+10.5	1079-70
Jan	1066-72	+12.5	1068-61
March	1060-65	+5.0	1061
May	1061-65	+4.0	—

Sales: 2,778 (2,017) lots of 5 tonnes.

ICO Indicator prices for April 24: (U.S. cents per pound): Other Mild Arabicas 130.00 (129.00); Robustas ICA 1976 112.25 (same). ICA 1968 112.50 (same). Unwashed Arabicas unquoted.

GRAINS

Old crop wheat rose on some initial buying interest in July but values eased back on selling pressure from commercial sources to close marginally higher on the day. Barley saw steady buying interest from shipper sources and values closed 65p up. New crops were higher with some reasonable interest shown, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
May	116.85	+0.1	99.90	+0.65
July	118.45	+0.85	—	—
Sep	102.80	—0.25	95.90	+0.15
Nov	106.50	—0.3	99.65	+0.15
Jan	110.40	—0.2	103.25	+0.25
Mar	114.15	—0.2	106.55	+0.15

Business done—Wheat: May 116.90-116.75, July 19.00-118.40, Sept. 103.00-102.55, Nov. 106.75-106.30, Jan. 110.60-110.20, March 114.45-113.95. Sales: 172 lots of 100 tonnes. Barley: May 99.85-99.40, Sept. 96.00-95.75, Nov. 99.90-99.50, Jan. 103.40-103.15, March 106.80-106.40. Sales: 181 lots of 100 tonnes.

HGCA — Locational ex-farm spot prices. Other milling wheat: E. Midlands 118.60. Feed barley: Eastern 98.00, E. Midlands 99.60, N. East 100.00, Scotland 98.90. The UK Monetary Coefficient for the week beginning Monday May 4 (based on HGCA caluculations using four days' exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, May 107.75, June 107.25, July 107.00 transhipment East Coast sellers. U.S. Hard Winter, 13½ per cent, May 108.75, June 108.50, July 108.25 transhipment East Coast sellers. English Feed fob June 121.50 East Coast sellers. Maize: French May 127.50 transhipment East Coast sellers. South African Yellow May 89.00 sellers. Barley: English Feed fob April 102.00, May and June 103.25, Aug. 96.00 East Coast sellers. Rest unquoted.

GAS OIL FUTURES

Faling prices in the physical market and confirmation of Saudi Arabian oil policy pushed the market down to record lows on the near months. Trade selling was still apparent as June fell, reports Premier Man.

Month	Yesterd'ys close	+ or —	Business Done
	$ U.S. per tonne		
June	278.50	—6.00	282.50-77.50
July	281.00	—4.25	289.75-86.25
August	286.50	—4.25	289.75-86.25
September	292.50	—5.00	296.00-92.50
October	298.00	—5.50	300.00-98.50
November	304.00	—5.50	305.00-04.00
December	309.00	—5.50	312.00-09.00
January	313.75	—4.75	—
February	317.50	—5.25	—

Turnover: 838 (503) lots of 100 tonnes.

RUBBER

The London physical market opened slightly steadier, with little interest at the higher levels, closing quiet and easier. Lewis and Peat reported a fob May price for No. 1 RSS in Kuala Lumpur of 270.0 (268.5) cents a kg and SMR at 245.5 (243.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	57.60-58.20	55.50-55.80	—
July	—	56.40-57.50	—
Jly-Sept	59.20-59.30	58.10-58.20	59.80-58.10
Oct-Dec	62.20-62.40	62.40-62.50	63.00-62.80
Jan-Mar	64.80-65.10	65.20-65.50	65.60
Apl-Jne	67.60-67.90	67.80-68.00	67.80
Jly-Sept	70.60-70.80	70.70-71.00	—
Oct-Dec	73.50-73.80	73.70-73.90	—
Jan-Mar	76.50-76.50	76.50-76.70	—

Sales: 142 (46) at 15 tonnes, nil (32) at five tonnes. Physical closing prices (buyers) were: Spot 54.00p (same). June 57.75p (57.50p), July 58.50 (same).

SOYABEAN MEAL

The market opened with gains of £1 on mixed buying, reports T. G. Roddick. Prices remained steady and closed around £1-£1.50 higher.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	135.30-35.6	+1.25	135.80-135.50
August	135.70-35.8	+1.70	135.80-135.30
October	137.80-38.0	+1.55	138.00-136.70
December	139.80-39.8	+1.29	140.00-138.70
February	140.50-42.0	+0.35	—
April	141.00-44.0	+0.25	—
June	141.90-46.0	+0.85	—

Sales: 129 (83) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £192.00 (£200.00) a tonne cif April-May-June shipments. White sugar daily price £205.00 (£216.00).

The market opened £2 below pre-wekend levels and thereafter showed little change throughout the day, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	193.50-93.75	206.25-206.5	205.25-92.50
Aug.	192.80-92.90	206.10-206.2	206.00-91.50
Oct.	195.25-95.40	208.50-208.7	208.50-94.00
Jan.	195.00-96.00	204.75-205.0	198.00-94.75
March	197.00-97.75	206.75-207.0	205.00-96.00
May	199.00-99.00	207.00-207.5	199.00-96.50
Aug	199.05-99.95	208.50-209.0	206.50-99.00

Sales: 7,705 (10,144) lots of 50 tonnes.

Tate and Lyle ex-rofinery price for granulated basis white sugar was £342.8 (same) a tonne for home trade and £289.0 (£279.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for April 24: Daily price 17.36 (17.47); 15-day average 18.03 (18.23).

COTTON

LIVERPOOL — Spot and shipment sales amounted to 50 tonnes. Slow trading persisted, with only a limited offtake. Many users were cautious about anticipating their needs and not more than occasional interest was shown in American-type growths.

JUTE

JUTE—April c and f Dundee: BWC £248, BWD £197, BTB £299, BTC £240, BTD £197; c and f Antwerp: $537, $424, $646, $532, $424. Jute Goods c and f Dundee April 40 in 10 oz £10.77, 40 in 7½ oz £8.39. B Twills £13.14.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 354, 358, 356; Aug. 368, 372, 370; Oct. 372, 376, 374; Dec. 377, 382, 378; Jan. 379, 384, 380; March 384, 389, 387; May 396, 398, 396-394; Aug. 399, 402, 400-398; Oct. 399, 403, nil. Sales: 37.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. May 490.0, 492.0, 490.5-488.0. July 493.0, 493.5, 496.0-490.0; Oct. 485.0, 487.0, 487.0-486.0; Dec. 489.0, 490.0, 491.5-489.0; March 497.0, 498.5, 497.5-496.0; May 504.4, 505.5, 505.0-504.0; July 507.0, 508.0, 507.5-507.0; Oct. 507.0, 508.0, 508.0-507.5. Sales: 300.

TEA AUCTION

LONDON TEA AUCTION — 42,340 packages were on offer at yesterday's Tea Auction. Demand was strong and general. Assams met with keen competition and gained 2p-3p, apart from dusts, which were irregular. Bangladesh teas were also well supported and often put on several pence. Brighter East African CTC's came in for improved demand and moved 1p-3p dearer, with dusts a good feature, while mediums remained fully firm. Central African teas were very strong and often scored substantial gains. Medium Ceylons tended dearer, others stayed fully firm. Quotations: Quality 123p per kilo (120p); Medium 103p per kilo (101p); Plain 72p per kilo (64p).

PRICE CHANGES

	Apr. 27 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1310/1340	—40	$1415/445
Copper			
Cash w'bar	£839.75	—6	£827.25
3 mths	£860.75	—5	£849.25
Cash Cathode	£834	—5	£821.25
3 mths	£849.25	—4.25	£858.25
Gold troy oz	$483.5	—12	$522.5
Lead Cash	£349	—4.5	£328.5
3 mths	£355.5	—4.75	£335.5
Nickel	£3,379.50	......	£3,358.55
Freemkt	290/305c	......	275/300c
Platin'mtr'y oz	£213.5	......	£213.5
Freemkt	£216.45	......	£230.55
Quicksilvert	$420/430	......	$415/430
Silver troy oz	517.80p	—7.7	559.20p
3 mths	533.70p	—7.45	576.50p
Tin Cash	£5,885	—42.5	£6,185
3 mths	£5,982.5	—57.5	£6,245
Tungsten 22.04lb	$147.54	......	$146.23
Wolfrm 22.04 lb	$144½/147½	......	$149/152
Zinc Cash	£386.5	+5.5	£351
3 mths	£396.75	+6	£361.75
Producers	$875	......	$825
Oils			
Coconut (Phil)	$590.0x	+5	$525
Groundnut	‡	......	‡
Linseed Crude	£406	......	£408
Palm Malayan	$585x	—7.5	$570
Seeds			
Copra Philip	$390	......	$360
Soyabean(U.S.)	$325r	......	$315
Grains			
Barley Fut.Sep	95.90	+0.15	‡
Maize			
WheatFut.Sept	£127.50		
No 1 Red Spg.	‡	......	‡
No2 HardWint	£108.75r	......	£102.5
Eng. Millingt	‡	......	
Other commodities			
Cocoa ship't	£1,049	—5	£1,012
Future July	£953.5	—3	£916.5
CoffeeFt July	£1083.5	+9.5	£1060
Cotton A.Index	88.10c	+0.4	90.90c
Rubber (kilo)	54.0p	......	55p
Sugar (Raw)	£192xz	—8	£234
Woolt'ps 64s kl.	‡	‡	516p kilo

‡ Unquoted. u May-June. x June. w April-May. v May. † Per 45-lb flask.

POTATOES

LONDON POTATO FUTURES—The market was extremely erratic after weekend bad weather and subsequent risk to crops. Higher levels attracted sellers which caused reaction and record turnover, reports Coley and Harper. Closing prices: Nov. 59.00, +1.40, (high 61.00, low 58.60); Feb 66.20, +1.30, (high 67.50, low 65.80); April 73.40 +1.60, (high 74.50, low 72.90). Turnover: 606 (132) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 75.5 to 79.2; Ulster hindquarters 90.5 to 95.0, forequarters 53.5 to 58.0; Eire hindquarters 91.0 to 94.5, forequarters 54.5 to 57.5. Veal: Dutch hinds and ends 116.0 to 123.0. Lamb: English small (new season) 90.0 to 95.0; Imported frozen: New Zealand PL 64.8 to 65.0. Hoggets: English 55.0 to 64.0. Pork: English, under 100 lb 45.0 to 51.8, 100-120 lb 44.0 to 50.0, 120-160 lb 41.2 to 47.5.

MEAT COMMISSION—Average fatstock prices at representative markets on April 27. GB—Cattle 91.60p per kg lw (—2.76). UK—Sheep 187.52p per kg est dcw (+9.61). GB—Pigs 72.46p per kg lw (+0.23).

COVENT GARDEN—Prices for the bulk of produce in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Valencia Lates 50/189 4.30-4.85; Cyprus: Valencia Lates 80/120 3.20-3.50; Moroccan: Lates 84/113 3.80-4.00. Lemons—Spanish: Trays 25/54 1.50-2.00-2.20; Californian: 115/140 6.20; Italian: 100/120 4.50-4.80; S. African: 80/100 5.80-6.20; Jaffa: 5.80. Grapefruit—Cyprus: 20 kg 40/64 3.50-4.00; Jaffa: 20 kg 36/75 3.85-4.65. Topaz—Jaffa: 22 lb 40/80 4.00-4.50. Apples—S. African: Granny Smiths 8.50, Golden Delicious 7.60-8.50, Starking 6.50-7.00; Chilean: Granny Smith 7.40-7.50; Canadian: Red Delicious 135/150 7.50-8.50; U.S.: Red Delicious 8.50/10.00; French: Stark Crimson 40 lb 5.40-6.40, Golden Delicious 40 lb 125/175 4.00-5.00, 20 lb 72 2.40, 84 2.00; Italian: 40 lb Romes 80/70 4.60-4.80; New Zealand: Cox's Orange Pippins 150/180 10.00-10.40. Pears—Belgian: Conference per pound 0.10-0.12; Italian: Passacrassana 0.12-0.14; S. African: Packhams 6.50-7.30, Jose 7.00, Beurre Bosc 5.60, Comice 8.50; Australian: Williams Bon Chretien 40 lb 8.20. Grapes—S. African: 9 lb Barlinka 4.00, New Cross 7.00; Chilean: Thompson 7.40, Almeria 7.00. Melons—Chilean: 15 lb 6/13 9.00-10.00. Strawberries—Israeli: Per punnet 8 oz 0.50; Spanish: 8 oz 0.25; U.S.: 12 oz 1.10; Italian: 8 oz 0.25. Pineapples—Ivory Coast: Each 0.45-1.00; S. African: Shelford 5/9 2.80-3.20. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 8.50; S. African: 14/16 3.50. Tomatoes—Canary: 3.00-4.00; Dutch: 13 lb 4.60-4.80. Onions—Dutch: 6.50-7.00; Chilean: Case 50 lb 8.50, nets 8.00; Italian: 22 lb 3.40. Potatoes—[illegible] 44 lb Edwards 5.00-5.20; Cyprus: 44 lb bags 5.20. Cucumbers—Dutch: 2.80. Capsicums—Canary: 6 kg green 4.00, red 9.00. Chicory—Belgian: Per box 3.00-3.20. Celery—Spanish: 18/36 5.50; American: 24 Jumbo pack 8.00. Fennel. English Produce: Potatoes—Per bag 2.20-3.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.06-0.14, Laxtons 0.08-0.12, Cox's Orange Pippins 0.16-0.24. Cabbages—Per bag 2.20, white cabbages 3.50. Beetroots—Per bag 1.60-1.80. Lettuce—Per 12, round 0.60-0.80, Cos x 10/12 1.20-1.40. Tomatoes—Per 12/18 1.20-1.40. Leeks—Per 10 lb 1.80-2.00. Rhubarb—Per pound, outdoor 0.08-0.09. Carrots—Per 28 lb 2.80-3.20. Swedes—Per 28 lb Devon 1.00-1.40. Parsnips—Per 28 lb 2.40-2.60. Radishes—Per pack of 12 x 8 oz 1.20, bunches of 12 1.20.

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shell cod £5.00-£6.00, codlings £3.00-£4.40; large haddock £4.00-£4.70, medium £4.00-4.70, small £2.60-£3.40; medium plaice £5.40-£5.80, best small £4.00-£5.30; skinned dogfish (medium) £7.00-£8.50; lemon soles (large) £9.00, (medium) [illegible]

AMERICAN MARKETS

NEW YORK, April 27.

THE LIVESTOCK markets rallied as advancing fieldwork interfered with the normal flow of marketings. Sugar sold off sharply on news that India released additional sales tonnage for quick shipments. Low level of delivery notices offset light demand in cotton, resulting in a mixed market. Grains and soyabeans sold off on the close as favourable weather attracted commercial and professional support, reported Heinold.

Copper—April 81.75 (81.90), May 81.70-81.90 (82.05), June 83.05, July 84.30-84.40, Sept. 86.75-86.80, Dec. 90.50-90.70, Jan. 91.70, March 94.00, May 96.20, July 98.40, Sept. 100.60, Dec. 103.80, Jan. 104.90.

Potatoes (round whites)—Nov. 74.9 (75.1), Feb. 83.5-83.6 (84.0), March 87.4, April 101.5.

*Platignum—April 461.0-463.0 (461.0), May nil (nil), June 471.7, July 473.0-474.5, Oct. 491.2, Jan. 509.2, April 528.0.

¶Silver—April 1126.0 (1123.0), May 1127.0-1129.0 (1125.0), June 1141.7, July 1155.0-1159.0, Sept. 1186.0, Dec. 1238.0-1240.0, Jan. 1253.3, March 1285.3, May 1317.3, July 1349.3, Sept. 1381.3, Dec. 1429.3. Handy and Harman bullion spot 1116.00 (1147.00).

Sugar — No. 11: May 16.45-16.50 (17.25), July 16.75-16.80 (17.35), Sept. 17.67, Oct. 17.71, Jan. 17.85, March 17.89, May 17.95, July 18.08, Sept. 18.16.

Tin—600.00-606.00 (601.00-607.00).

CHICAGO, April 27.

Lard—Chicago loose 20.25 (same).

Live Cattle—June 72.20-72.10 (71.85), Aug. 70.80-70.75 (70.30), Oct. 68.75-68.70, Dec. 69.52-69.60, Feb. 70.50, April 71.30, June 72.30.

Live Hogs—June 50.75-50.75 (49.25), July 53.05 (51.55), Aug. 53.30, Oct 52.80, Dec. 54.90-55.00, Feb. 56.70, April 55.40, June 58.30.

‡‡Maize—May 361½-361¾ (363) July 369¾-370¾ (371½), Sept. 377¼-377, Dec 378-378¾, March 385¾-386, May 393.

Pork Bellies—May 57.00-57.15 (55.40), July 58.32-58.32 (56.32), Aug. 57.97, Feb. 72.67-72.70, March 73.07, May 74.50, July 75.50.

†Soyabeans—May 789-787½ (790¾), July 814-813 (915¼), Aug. 822½-822, Sept. 830, Nov. 845-843½, Jan. 864, March 885, May 900.

‖Soyabean Meal — May 226.5-226.3 (227.1), July 234.0-234.3 (234.6), Aug. 237.0, Sept. 238.2-238.5, Oct. 241.0, Dec. 245.5, Jan. 248.5, March 254.0, May 257.0.

Soyabean Oil — May 24.27-24.30 (24.39), July 25.11-25.13 (25.19), Aug. 25.50, Sept. 25.80, Oct. 26.15, Dec. 26.80-26.75, Jan. 26.95, March 27.50-27.55, May 28.00-28.05, July 28.55-28.60.

†Wheat—May 439-438½ (439¾), July 446½-446 (445¾), Sept. 462, Dec. 487½-488, March 508, May 518.

WINNIPEG, April 27

§Barley—May 148.50 (148.00), July 150.80 (150.30), Oct. 150.20, Dec. 150.60, March 150.90.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, April 27.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent April/May $214, June/July $213, Aug. $217. U.S. No Two Red Winter June $200, July $198. U.S. No Two Northern Spring 14 per cent May $214.50, June/July/Aug. $214, Sept. $216, Oct. $220, Nov. $224.

Maize—U.S. No. Three Corn Yellow June $168, July $170, Oct./Dec. $173.50 traded, afloat $168, April $168, May $166, June $168.50, July $170.50, Aug. $173, Sept. $173.50, Oct./Dec. $174, Jan./Mar. $184.50 sellers.

Soyabeans—U.S. Two Yellow Gullports April $321.70, May $319.20, June $322.25, July $325.25, Aug. $328.70, Sept. $330.90, Oct./Nov. $335.25, Dec. $342.25, Jan. $347.25, Feb. $354, Mar. $357. Option May $316, June $317, July $318 sellers.

Soyameal—44 per cent protein U.S. afloat $280 traded, afloat $283, April/May $278, June $281.50, April/Sept. $286, Nov./Mar. $304.50 sellers. Brazil Pellets afloat $294.35 traded, afloat $295, April $291, May $290, June $294, April/Sept. $298 sellers.

PARIS, April 27.

Sugar—(FFr per tonne): July 2265/2295, Aug. 2268/2270, Oct. 2235/2245, Nov. 2225/2255, Dec. 2210/2225, Mar. 2240/2250, May 2240/2260, July 2240/2260. Sales at call 1.

INDICES

FINANCIAL TIMES

April 24	April 23	Month ago	Year ago
260.77	261.37	260.75	283.88

(Base: July 1, 1952=100).

MOODY'S

April 24	April 23	Month ago	Year ago
1115.8	1113.0	1146.2	1126.6

(December 31, 1931=100)

DOW JONES

Dow Jones	April 24	April 23	Month ago	Year ago
Spot	408.09	411.98	421.99	416.50
Fut'rs	419.98	422.81	499.79	428.18

(Average 1924-25-26=100)

REUTERS

April 27	April 24	M'nth ago	Year ago
1695.8	1701.6	1699.9	1692.9

(Base: September 18, 1931=100)

Interest fades after early two-way trade and share index ends 1.3 easier at 586.0—Gilts lower—Oils weak

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr. 10	Apr. 29	Apr. 30	May 11
May 1	May 14	May 15	May 26
May 18	May 28	May 29	June 8

* "New time" dealings may take place from 9 am two business days earlier.

Leading equities yesterday moved within a narrow range in a two-way business, a distinct change of the recent trading pattern. Prices were opened lower in expectations of a continuation of the selling which last Friday led to a progressively easier tone after a strong early upsurge.

While there was plenty of scope for further profit-taking within the three-week trading Account which ends on Thursday, sellers made only a small impression and prices were soon tacking higher on some good buying—some of it again stemming from overseas.

When the buyers were satisfied, however, prices milled around indecisively as interest dwindled awaiting Thursday's first-quarter statement from ICI. This, it is hoped, will confirm the opinion that corporate profitability may be on the upturn and the optimism lent renewed firmness to the undertone as reflected in the FT Industrial Ordinary share index. This measure, down 4.5 at 10.00 am and a net 1.3 up an hour later, ended at 586.0 for a loss of 1.3 to reduce its rise on the Account so far to 36.2, or 6½ per cent.

Overall, prices yesterday were no more than mixed as illustrated by the balanced rises and falls in all FT-quoted industrials. The FT-Actuaries three main indices all gave a little ground with Banks, held back recently by the pay dispute, particularly friendless and with Oils showing renewed weakness on the growing downward pressures on prices of crude.

British Funds remained subdued on lack of buying interest and quotations showed widespread falls of 1/16 to ¼ in the shorts and to ½ in the longs. The Government Securities index fell 0.31 to 69.18.

Australian Mines turned weak, with sentiment still unsettled by recent developments in the Rundle oil-shale project, but South African Golds held relatively steady—with the Gold Mines index only 2 points off at 355.8 despite a drop of $12 to $483½ in the bullion price.

Traded options remained relatively active and 1,945 deals were arranged compared with last week's daily average of 2,313. ICI were wanted in front of Thursday's first-quarter statement and recorded 544 deals. Marks and Spencer and Courtaulds attracted 431 and 202 trades respectively.

British Aerospace became a particularly active market and, after reacting to 220p on profit-taking, rallied to 225p before closing 9 down on balance at 223p.

Gerrard & Nat. up

Reflecting the 38 per cent final dividend increase and strong profits recovery, Gerrard and National put on 10 to 310p. Other Discount Houses improved in sympathy with Union also closing 10 to the good, at 500p, and Smith St. Aubyn 8 dearer at 190p. Merchant banks plotted an irregular course in moderate trading. Schroders hardened 5 to 370p and Kleinwort Benson 4 to 256p, while Wintrust appreciated 3 to 98p. Arbuthnot Latham, however, relinquished 5 to 295p. The major clearing banks drifted lower on lack of support. Barclays lost 5 to 435p as did Lloyds, to 345p, and Midland, to 333p. Awaiting further developments in the bid situation, Royal Bank of Scotland also cheapened 5, to 187p.

Interest in Insurances was at a low ebb and the closing trend was mixed. London United Investments finished 3 off at 187p following the annual results. Sun Alliance fell 10 to 826p and Willis Faber, 333p, and C. E. Heath, 262p, shed 5 and 3 respectively. Commercial Union added 2 at 164p and Phoenix 4 to 274p. In first-time London dealings, Liberty Life Association of Africa closed at £11.

Leading Buildings usually registered modest improvements. BPB hardened a couple of pence to 292p and Blue Circle 4 to 442p, the latter's annual results are due tomorrow. London Brick firmed 1½ to 78½p, but Tarmac held at 370p awaiting today's preliminary results. Tunnel "B," up 12 on Friday on the increased profits and dividend forecast contained in the document rejecting T. W. Ward's bid for the company, eased 4 to 398p. Elsewhere, demand in a thin market lifted Modern Engineers of Bristol 5 to 31p. Selected Paint shares came in for support, Manders rising 6 to 166p and International Paint improving 3 to 110p.

Marked up to 316p in the early dealings, ICI drifted off to close 4 dearer on balance at 310p; the first-quarter figures are due on Thursday. Among other Chemicals, Rentokil shed 5 to 170p on lack of interest.

Raybeck wanted

Business in leading Stores was of a two-way nature. British Home added 3 more to 173p, but UDS eased a couple of pence to 90p. House of Fraser, annual results tomorrow, firmed a penny to 154p. Renewed speculative support was noted for Raybeck and the close was 9 higher at 75p. Among Newsagents, John Menzies remained to the fore and improved 11 more to 419p. W. H. Smith, on the other hand, gave up 4 at 179p. Profit-taking clipped 10 from Elys (Wimbledon), 265p, while Owen Owen reverted to unchanged at 199p, after 203p. Allebone gained the turn to 27p on the maintained dividend despite sharply reduced full-year earnings. Following abortive acquisition talks, dealings in Ben Williams, suspended at 32p late last year, were resumed at 26p.

Electrical leaders closed with falls ranging to 7 following a good two-way trade. Racal lost that much to 375p, while GEC ended 5 off at 690p, after 687p. After extremes of 326p and 321p, Plessey were unaltered at 325p. Elsewhere, First Castle Securities lost 4 to 96p awaiting today's preliminary results. Falls of 8 and 10 respectively were seen in Standard Telephones and Cables, 532p, and Ferranti, 530p, while BICC relinquished 5 at 255p. Arlen, however, revived with a rise of 3 at 40p and Concord Rotaflex improved 2 to 44p.

Simon Engineering responded to the better-than-expected preliminary results with a rise of 15 to 396p, after 398p, but the reduced final dividend and sharp fall in profits left Spear and Jackson down 10 at 112p. Other Engineering issues presented a mixed appearance. Smaller-priced issues to make progress included Charles Clifford, up 4 at 49p, and Aurora, 3 to the good at 34p. F. Pratt, in contrast, encountered selling and gave up 5 to 98p, along with Westland, which eased a similar amount to 146p. Among the leaders, Hawker traded firmly at 356p, up 6, while Tubes settled a few pence dearer at 226p, after 228p. Vickers, on the other hand, eased 2 to 204p, after last week's jump following the results.

Food Retailers were subjected to light selling. Associated Dairies and J. Sainsbury losing 4 apiece to 210p and 414p respectively. Kwik Save, interim results due on Friday, eased 3 to 231p and Bejam shed 2 to 129p. Elsewhere, Rowntree Mackintosh hardened a couple of pence to 180p ex the rights issue, while the new nil paid shares opened at 15p premium and closed at 16p premium.

F. J. Riley good

Savoy A attracted renewed speculative support and, in a thin market, gained 13 to 178p awaiting Trusthouse Forte's decision on whether or not to proceed with its bid for the company. Demand ahead of today's results left M. F. North 2 firmer at 30p.

Secondary issues provided the main focal points in miscellaneous industrials. E. J. Riley stood out with a Press-inspired gain of 8½ to 67p, while others to benefit from favourable weekend mention included Maynards, 10 higher at 198p, after 204p, Valor, 6 better at 64p, and Hepworth Ceramic, 5 to the good at 139p. Despite the reduced dividend and halved annual profits, Brook Street Bureau closed 4 better at 46p, after 50p, while Office and Electronic advanced 5 to 410p ahead of tomorrow's preliminary figures. Pentland Investments added 4 to 51p on the results and J. Billam rose 9 to 99p on buying in a thin market. G. R. Holdings put on 8 to 200p and Barget gained 5 to 185p, while Ropner firmed 4 to 212p and the A 8 to 208p. Mettoy, on the other hand, dropped 5 to 20p and the Deferred 3 to 15p, following comment on the dividend cut and £3½m loss. Granada A shed 8 to 233p on profit-taking and Broken Hill Proprietary eased 15 to 780p. After early activity, the leaders later quietened considerably and closed mixed. Reflecting the liquidation of recent speculative positions, Bowater cheapened 4 to 267p, while Turner and Newall gave up 3 to 109p. BOC International gave up 3 to 147p and Rank Organisation 4 to 206p; the latter has agreed to sell its Bush trade marks to Interstate Electronics.

Barr and Wallace Arnold Trust A became a dull market in Leisure issues, falling 7 to 66p following adverse Press comment.

Components were mixed. Dunlop added 4 to 76p on revived bid hopes, while Automotive Products rose a similar amount to 71p. In contrast, adverse comment clipped 4 from Lucas, 230p. Dowty were also dull at 289p, down 5. Distributors were featured by Hartwells which jumped 16 to 104p; the annual results are expected next month.

Among Printing issues, Cradley added a penny to 16p, after 17p, following the interim figures. John Waddington were marked 10 higher for a two-day gain of 28 at 142p.

Properties turned dull on lack of support and scattered light selling, Land Securities shedding 5 to 424p and MEPC 6 to 237p. British Land, 99p, and Capital and Counties, 117p, lost 4 apiece, while Hammerson A gave up 15 to 645p. London Shop Property were quoted ex the rights issue at 125p, down 3, with the new nil paid shares at 2p premium. Against the trend, recently neglected Laganvale Estates put on 3½ to 36p; the company's acquisition of Strongmead has been completed.

Setback in Oils

Conditions in the Oil market remained unsettled by the current glut in crude stocks with sentiment additionally affected by the forecast of a reduction in free market prices made by the Saudi Arabian oil minister. Leading issues rallied from lower opening levels before drifting off to finish around the day's lowest. BP ended 12 cheaper at 384p and Shell a similar amount down at 382p. Ultramar fell 20 to 440p and Tricentrol 10 to 252p while, in the more speculative issues, Candecca, 166p, and Marinex, 135p, closed around 10 lower.

Among Overseas Traders, Boustead revived with a gain of 11 at 162p, while bid hopes fuelled by Press comment lifted Tozer Kemsley and Millbourn 3 to 59p.

Quiet mines

Mining markets began the week on a flat note with Australians particularly weak following another poor performance in overnight Sydney and Melbourne markets and a downturn in the bullion price.

The oil-shale stocks sustained further heavy losses on fears of falling oil prices and also reflecting the recent troubles concerning the Rundle project in Queensland.

Central Pacific dropped 8 more to a 1981 low of 80p, Southern Pacific 5 to a low of 34p and International Mining a like amount to a low of 42p.

The leading base-metal issues met persistent selling. Falls of around 5 were common to Western Mining, 282p, and Peko-Wallsend, 490p, the last-named following the company's forecast of substantially lower profits in the year to the end of June. Cultus Pacific were trading at 38p prior to dealings being suspended, at the company's request, pending an announcement.

South African Golds drifted in idle trading as the bullion price fell to close $12 down at $483.50 an ounce. The Gold Mines index gave up 2.0 to 355.8.

South African Land lost 13 to 253p ex the 35 for 100 rights issue at R5.70 a share; the rights opened at 25p and closed at 20p. Elandsrand dipped 11 to 248p ex the 28 for 100 rights issue at R5.70; the new shares closed at 20p.

Financials moved narrowly either way. In the South Africans, De Beers and UC Investments fell 10 apiece to 379p and 570p respectively.

FINANCIAL TIMES STOCK INDICES

	Apr. 27	Apr. 24	Apr. 23	Apr. 22	Apr. 21	Apr. 16	A year ago
Government Secs.	69.18	69.49	69.46	69.60	69.44	69.23	66.22
Fixed Interest	71.20	71.34	71.22	71.20	71.15	71.10	66.41
Industrial Ord.	586.0	587.3	584.3	584.8	566.1	568.5	432.1
Gold Mines	355.8	357.8	355.5	366.4	388.9	363.8	308.8
Ord. Div. Yield	5.62	5.60	5.62	5.65	5.81	5.78	8.15
Earnings, Yld. % (full)	11.08	11.04	11.02	11.03	11.34	11.28	19.87
P/E Ratio (net) (*)	11.27	11.30	11.35	11.35	11.04	11.09	6.11
Total bargains	28,385	27,220	28,268	23,338	22,920	21,400	16,665
Equity turnover £m.	—	260.26	184.40	161.46	134.93	159.14	75.29
Equity bargains	—	26,086	25,208	20,921	18,295	17,055	11,821

10 am 582.8. 11 am 588.6. Noon 587.5. 1 pm 587.3. 2 pm 586.2. 3 pm 586.4.

Latest Index 01-246 8026.

*Nil=10.41.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	68.05 (15/1)	127.4 (9/1/56)	49.18 (3/1/75)
Fixed Int.	72.01 (20/3)	69.98 (16/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	587.3 (24/4)	446.0 (14/1)	587.3 (24/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (29/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 24	Apr. 23
Daily		
Gilt Edged Bargains	139.5	154.5
Equities Bargains	169.0	183.3
Value	526.0	372.7
5-day Avrge.		
Gilt-Edged Bargains	161.1	170.7
Equities Bargains	139.4	124.2
Value	363.9	307.6

NEW HIGHS AND LOWS FOR 1981

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (273)

LOANS (1)
AMERICANS (15)
BANKS (9)
BEERS (3)
BUILDINGS (11)
CHEMICALS (6)
DRAPERY & STORES (16)
ELECTRICALS (9)
ENGINEERING (30)
FOODS (4)
HOTELS (3)
INDUSTRIALS (50)
INSURANCE (2)
LEISURE (4)
MOTORS (11)
NEWSPAPERS (6)
PAPER (4)
PROPERTY (6)
SHOES (1)
TEXTILES (8)
TRUSTS (43)
OIL & GAS (18)
OVERSEAS TRADERS (4)
RUBBERS (5)
TEAS (1)
MINES (3)

NEW LOWS (33)

FOREIGN BONDS (1)
Sweden 13½pc '86
STORES (1)
Liberty N-V
ELECTRICALS (1)
Highland Elec.

TRUSTS (2)
New Darien Oil — Hampton Trust

OIL & GAS (18)
Brit. Can. Res. — Magnet Metals
CCP North Sea — New Court Nat.
Candecca Resources — Pict Petroleum
Charterhall — Premier Cons.
Edinburgh Secs. — Ranger Oil
Floyd Oil — Shackleton Pet.
Gulfstream Res. Canada — Sovereign Oil
Hunting Petroleum — Texaco 4¾pc Cnv.
LASMO 'Ops' — Ultramar

MINES (10)
Coronation — Haoma
Central Pacific — Int. Mining
Endeavour — N. West Min.
Great Eastern — Southern Pacific
Hampton Areas — York Resources

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	8	9
Foreign Bonds	2	9	56
Industrials	337	325	705
Financial & Props.	89	173	233
Oils	3	61	19
Plantations	7	5	11
Mines	15	59	92
Others	56	41	68
Totals	509	761	1,193

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Aerospace	223	−9	Racal Electronics	375	−7
BP	384	−12	Rank Organisation	206	−4
Hepworth Ceramic	139	+5	Raybeck	75	+9
ICI	310	+4	Shell Transport	382	−12
Menzies (J.)	419	+11	Tricentrol	252	−10
Plessey	325	—	Ultramar	440	−20

FRIDAY ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of pence changes	Friday's closing price pence	Day's change	Stock	No. of pence changes	Friday's closing price pence	Day's change
ICI	16	306	+8	Dixon's Photo.	13	183	+3
Rothmans	16	72	+2½	Plessey	13	325	−9
Thorn EMI	16	405	−10	Ultramar	13	460	+10
Vickers	16	206	−4	Unilever	13	518	+10
GUS "A"	14	500	+7	Barclays Bank	12	440	+8
Shell Transport	14	394	+6	Mks. & Spencer	12	137	+2
BP	13	396	+6	Midland Bank	12	338	+5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 21	May 1	July 23	Aug. 3
May 11	May 22	Aug. 6	Aug. 11
May 26	June 5	Aug. 26	Sept. 7

For rate indications see end of Share Information Service

Stocks favoured for the call included Royal Bank of Scotland, Vickers, Premier Oil, Rothmans International, GKN, Suter Electrical, Derritron, Conex, Carrington Vieyella, J. Hepworth, Johnson and Firth Brown, ICL, Charterhall, Booker McConnell, Maurice James and Brockhouse. Puts were completed in GKN, GEC, Debenhams, Woodside and Carrington Viyella, while doubles were struck in FNFC, Royal Bank of Scotland, Charterhall, Lucas and Booker McConnell.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Mon., April 27, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. April 24 Index No.	Thurs. April 23 Index No.	Wed. April 22 Index No.	Tues. April 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	362.82	−0.5	10.62	4.36	11.63	364.69	363.94	362.99	357.14	235.14
2	Building Materials (25)	323.09	+0.3	13.66	5.44	8.78	322.08	318.26	317.45	313.86	231.43
3	Contracting, Construction (28)	600.78	−0.7	15.66	4.47	7.61	604.75	596.68	599.13	591.89	349.22
4	Electricals (28)	1103.22	−0.9	7.90	2.41	15.70	1113.44	1126.35	1127.15	1112.29	614.49
5	Engineering Contractors (11)	495.56	+0.4	12.74	5.23	9.69	493.48	484.66	478.40	478.22	278.18
6	Mechanical Engineering (70)	229.15	−0.5	12.45	5.35	10.09	230.26	228.65	225.76	219.60	157.36
8	Metals and Metal Forming (13)	180.35	−0.5	8.82	6.78	14.69	181.18	178.52	177.53	172.69	162.81
9	Motors (21)	111.21	+0.9	7.64	7.14	20.36	110.19	109.51	110.01	107.01	101.71
10	Other Industrial Materials (18)	391.14	−0.9	10.50	5.25	11.38	394.56	391.78	391.93	387.74	0.00
21	CONSUMER GROUP (195)	288.76	−0.1	12.82	5.43	9.47	289.06	283.83	282.52	277.57	212.74
22	Brewers and Distillers (20)	313.67	+0.1	14.79	5.84	8.03	313.47	304.62	304.77	300.37	268.14
25	Food Manufacturing (21)	263.56	+0.2	14.85	5.99	8.00	262.91	259.27	258.01	256.25	188.29
26	Food Retailing (14)	544.27	−1.3	8.30	2.97	14.24	551.50	542.36	539.96	532.76	290.84
27	Health and Household Products (7)	308.69	−0.7	8.86	4.64	13.40	310.75	306.82	305.53	301.42	188.19
29	Leisure (22)	443.64	−0.2	11.57	5.05	10.47	444.59	445.48	443.76	434.86	287.09
32	Newspapers, Publishing (12)	516.15	+1.0	17.09	5.73	7.67	511.24	503.14	498.65	492.88	397.66
33	Packaging and Paper (14)	158.12	−0.7	17.27	7.30	6.77	159.22	155.41	157.86	155.47	129.70
34	Stores (44)	290.05	+0.4	10.23	4.36	12.83	288.94	282.12	280.68	272.32	210.78
35	Textiles (22)	169.46	+0.4	12.84	7.67	18.56	168.77	168.47	169.04	164.98	120.89
36	Tobaccos (3)	243.28	−1.1	23.36	9.57	4.88	246.01	241.07	233.63	232.06	197.10
39	Other Consumer (16)	310.62	+0.3	8.30	6.12	15.00	309.62	301.87	295.70	293.38	0.00
41	OTHER GROUPS (79)	246.88	—	12.50	6.09	9.86	246.97	243.50	243.71	237.88	198.30
42	Chemicals (15)	310.65	+0.2	10.38	6.64	12.22	309.90	303.96	304.06	293.25	294.78
44	Office Equipment (6)	126.60	−1.1	14.56	6.56	8.09	127.99	129.38	129.79	125.60	107.72
45	Shipping and Transport (13)	641.83	−0.5	13.27	5.78	9.00	644.76	640.33	642.33	636.81	488.24
46	Miscellaneous (45)	307.11	+0.1	14.14	5.43	8.71	306.85	301.45	301.42	297.21	238.01
49	INDUSTRIAL GROUP (488)	308.44	−0.2	11.95	5.11	10.24	309.21	305.66	304.70	299.27	221.70
51	Oils (12)	803.32	−3.1	22.35	7.01	5.00	828.64	816.32	804.88	821.25	710.11
59	500 SHARE INDEX	348.15	−0.8	13.76	5.44	8.66	350.78	346.54	344.78	340.96	260.42
61	FINANCIAL GROUP (118)	262.82	−0.7	—	5.37	—	264.63	261.85	262.36	259.96	197.70
62	Banks (6)	264.04	−1.2	35.05	6.85	3.32	267.33	262.44	259.57	254.03	214.49
63	Discount Houses (10)	309.45	+2.1	—	6.14	—	303.05	303.50	303.50	300.64	227.12
64	Hire Purchase (4)	265.05	−0.7	8.49	4.68	16.29	267.05	266.50	267.04	267.16	200.97
65	Insurance (Life) (10)	269.92	−0.7	—	5.54	—	271.75	269.01	270.89	268.40	178.87
66	Insurance (Composite) (9)	167.51	+0.1	—	7.33	—	167.43	166.14	167.94	167.70	124.29
67	Insurance Brokers (8)	378.62	−1.0	12.03	6.09	11.27	382.58	377.47	381.26	374.51	295.08
68	Merchant Banks (13)	161.27	+0.2	—	4.86	—	161.00	159.32	158.04	158.43	101.78
69	Property (48)	505.89	−1.1	3.02	2.50	45.71	511.32	507.64	508.61	506.32	392.06
70	Miscellaneous (10)	171.93	−0.2	18.41	6.02	6.60	172.23	170.79	173.33	170.24	123.73
71	Investment Trusts (109)	316.33	−0.6	—	4.87	—	318.10	314.82	313.99	312.59	209.25
81	Mining Finance (3)	239.93	−0.2	14.06	5.59	8.26	240.44	237.19	242.85	238.63	185.38
91	Overseas Traders (20)	483.97	+1.1	11.12	6.02	11.03	478.55	472.63	476.43	471.54	380.94
99	ALL-SHARE INDEX (750)	329.65	−0.7	—	5.41	—	331.87	327.97	327.10	323.68	245.39

FIXED INTEREST

	PRICE INDICES	Mon. April 27	Day's change %	Fri. April 24	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	108.44	−0.09	108.54	—	3.75
2	5-15 years	111.32	−0.39	111.75	—	3.86
3	Over 15 years	114.76	−0.41	115.23	—	4.65
4	Irredeemables	124.44	−0.57	129.63	4.45	6.23
5	All stocks	111.21	−0.31	111.60	0.05	4.07
6	Debentures & Loans	88.00	+0.06	87.94	—	3.66
7	Preference	67.63	−0.24	67.80	—	2.88

	AVERAGE GROSS REDEMPTION YIELDS		Mon. April 27	Fri. April 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.69	11.62	12.67
2		15 years	12.16	12.10	12.54
3		25 years	12.27	12.20	12.54
4	Medium Coupons	5 years	13.23	13.15	14.45
5		15 years	13.70	13.62	14.15
6		25 years	13.43	13.36	14.00
7	High Coupons	5 years	13.17	13.10	14.52
8		15 years	13.90	13.83	14.47
9		25 years	13.61	13.55	14.42
10	Irredeemables†		11.69	11.61	11.82
11	Debs & Loans	5 years	14.39	14.40	15.25
12		15 years	14.39	14.40	15.05
13		25 years	14.39	14.40	14.85
14	Preference†		14.51	14.47	15.88

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
‖	F.P.	—	£19⅝	£16¼	Amdahl	£19⅜	+⅛	Q40c	—	0.9	—
‖	F.P.	—	300	200	✣Atlantic Res.	200	−50	—	—	—	—
150	F.P.	3/4	239	170	British Aerospace 50p	223	−9	b7.8	2.0	5.0	14.3
§90	F.P.	16/5	120	89	✣Consultants 10p	113	......	—	—	—	—
100	F.P.	1/5	120	105	Cystic Fibr Inv Tst £1	115	......	—	—	—	—
¶¶	F.P.	—	183	112	†† Eglinton Oil & Gas	170	−8	—	—	—	—
30	F.P.	24/4	49	36	✣Euroflame	48	−1	b3.1	2.5	6.3	9.3
100	F.P.	22/5	111	102	G.T. Global Rec. Inv Tst	111	......	—	—	—	—
‖	F.P.	—	62	56	✣Harvey & Thompson	58	+1	g2.24	1.1	5.5	22.8
‖	F.P.	—	96	92	✣Intasun	92	......	g1.8	4.3	4.4	6.7
§84	F.P.	13/5	111	93	✣Metal Bulletin	103	−4	T5.0	1.7	6.9	12.0
18§	F.P.	—	22	20½	Munton Bros. 10p	21	......	—	—	—	11.9
—	F.P.	—	57	44	New Darien Warrants	49	......	—	—	—	—
‖	F.P.	—	5	3½	✣Reliant Motors	3½	......	—	—	—	—
25	F.P.	—	24	20	Stone Platt Cnv Cm Pf	24	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price	+ or −
¶	£10	18/6	10¼	10	Cambridge Water 8% Prf. 1986	10	......
**	F.P.	13/5	34p	32p	Colonial Secs. 7% Cum. 2nd Pref. 5p	33p	......
100	F.P.	1/5	74	70	Cystic Fibrosis Res'ch In. Tst. 5% Deb. '86	70	......
97¾	£10	10/7	11	9¾	Leeds (City of) 13½% Red. 2,006	10½	......
100	Nil	—	2pm	2pm	London Shop Prop. 9% Cnv. Uns Ln '94-99	2pm	......
‖	Nil	—	7ppm	4ppm	Norton (WE) 11% Cnv. Cum. Rd. Prf.	4ppm	......
100	F.P.	24/4	101	92½	PMA 10% Cnv. Cum. Red. Prf. N/Pd	95	+2½
£96¼	£20	—	£20	£19	Petroleos Mex. 14½% Ln. Due. 2008 £20% pd	£19½	......
100	F.P.	24/4	134	114	Suter Elect. 9½% Cv. subuns Ln 95-2000 N/Pd	129	+4
¶	F.P.	26/6	102½	102½	Sutton District Water 8% Pref.	102½	......
£96¼	£25	—	26½	25½	Swansea (City of) 13½% Red. 2006 £25pd	26½	−⅛
¶	F.P.	4/6	103	102¼	West Hampshire Water 8% Red. Prf. '86	102½	......

"RIGHTS" OFFERS

Issue Price p:	Am'unt paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1981 High	1981 Low	Stock	Closing prices p	+ or −
154	F.P.	9/3	22/5	220	171	Assoc. Dairies	214	−2
2	F.P.	8/4	29/5	6	2	Barker & Dobson A	5½	−½
$A9	Nil	—	—	315pm	175pm	Broken Hill Prop.	295pm	......
53	Nil	—	—	11pm	7½pm	Country & New Town Props	11pm	......
236	Nil	—	—	14pm	14pm	Elandsrand	14pm	......
92	Nil	—	—	21pm	18pm	Electrical & Industrial	21pm	......
103	Nil	—	—	30pm	14pm	Hong Kong & Shanghai Bank	18pm	−3
48	F.P.	10/4	29/5	74	54	I.M.I.	74	+2½
146	Nil	—	—	2pm	2pm	London Shop Prop.	2pm	......
Ir165	Nil	—	—	33pm	30pm	Rohan Group	30pm	......
160	Nil	—	—	16pm	15pm	Rowntree Mackintosh	16pm	......
236	Nil	—	—	25	20	South African Land	20	......
145	F.P.	24/4	22/5	177	162	Spirax-Sarco	177	+1
6	Nil	—	—	6pm	3¼pm	Sterling Credit	4½pm	−½
40	F.P.	24/4	29/5	69	63	Suter Electrical	64	+3
82	Nil	24/4	22/5	117	100	Thermal Syndicate	116	......
A1¾	75c	—	—	95	69	Woodside	86	......
36	Nil	30/3	10/4	3pm	1½pm	Yorks & Lancs Inv. Tst.	1½pm	......

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *F* Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p*‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. † Resulting from debt settlement scheme. ‡‡ Units comprising 125 A Ord. & 8 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Anthony Wieler Unit Tst. Mgmt. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Gp. of Unit Trusts Ltd.

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Buckmaster Management Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Dartington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Robert Fraser Trust Mgt. Ltd.

Friends' Provdt. Trust Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a) (g)

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd.

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Trust Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

ManuLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

For Saturn Fund Mngt. see SIMCO

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Amicable Inv. Mngrs. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

SIMCO Money Funds

Stewart Unit Tst. Managers Ltd.

Sun Alliance Insurance Group

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Aberdeen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Pearl Assurance Co. Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

B.I.A. Bond Investments AG

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Intl. Investment Mngt. Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

CAL Investments (IoM) Ltd.

Capdirex S.A.

Capital Asset Managers Ltd.

Capital International Fund S.A.

Charterhouse Japhet

Clawton Commodities (Isle of Man) Ltd.

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Cortecs International

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

For Alex Corp. see Mines Finance

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.3
23	14	ACM 20c	17	−1	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
212	137	Bond Corp.	178	−4	Q7½c	1.9	2.0
102	76	Bougainville I Kina	86	−1	Q26.2c	1.0	15.8
302	214	CRA 50c	242	......	Q19c	1.7	4.0
25	17½	Canada Northwest	29½	−½	—	—	—
35	17	Carr Boyd 20c	18	−1	—	—	—
90	80	Central Pacific	80	−8	—	—	—
35	35	Cons. Gold Mlg. N.L. 50c	35	......	—	—	—
47	38	Cultus Pacific N.L.	38#	......	—	—	—
32	22	Eagle Corp. 10c	29	......	—	—	—
40	31	Endeavour 20c	31	−2	—	—	—
500	310	G. M. Kalgoorlie 25c	360	......	†Q13c	ϕ	1.9
25	12	Great Eastern	12	−1	—	—	—
275	185	Hampton Areas 10p	185	−10	t2.5	2.4	1.9
168	70	Haoma Gold N.L.	70	−6	—	—	—
85	42	Intl. Mining	42	−5	—	—	—
245	140	Kitchener NL 25c	145	−15	—	—	—
105	45	Leichardt Expln.	50	−5	—	—	—
430	275	Meekatharra	340	−20	—	—	—
70	49	Metals Ex. 50c	64	−1	¶Q3c	2.9	2.4
36	20	Metramar Mns. 20cts.	31	−2	—	—	—
267	190	M.I.M. Hldgs. 50c	251	−1	†tQ27.6c	1.7	‡
21	11½	Minefields Expl. 25c	12½	−1½	—	—	—
108	83	Mount Lyell 25c	90	−4	ϕ†Q15c	1.7	8.7
20	14	Newmetal 20c	15	+1	—	—	—
69	41	Nickelore N.L.	57	......	—	—	—
204	149	North B. Hill 50c.	167	......	Q18c	3.1	5.6
84	50	Nth. Kalgurli	61	......	—	—	—
175	94	Nth. Mining Corp.	142	−4	—	—	—
122	46	N. West Mining N.L.	46	−2	—	—	—
148	106	Oakbridge 50c	138	−2	tQ12c	1.1	4.5
185	138	Otter N. L.	145	−5	—	—	—
186	164	Pacific Copper	186	......	—	—	—
605	475	Pancont'l 25c	520	−10	—	—	—
70	42	Paringa M&Ex.5p	58	−2	—	—	—
525	375	Peko-Wallsend 50c.	490	−5	ϕQ22½c	ϕ	2.4
43	27	Pelsart Res NL	43	+2	—	—	—
120	85	Seltrust A	110	......	—	—	—
157	34	Southern Pacific	34	−5	—	—	—
72	42	Swan Resources 20c.	42	−1	—	—	—
18	11½	West Coast 25c	12½	......	—	—	—
300	227	Westn. Mining 50c.	282	−6	Q14c	1.6	2.5
27	19	Westmex	21	......	—	—	—
76	50	Whim Creek 20c.	50	−4	—	—	—
101	68	York Resources	68	−5	—	—	—

Tins

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	10	Amal Nigeria 1p	11	......	‡‡6.0	—	—
300	255	Ayer Hitam $M1.	260	......	‡Q205c	1.0	‡
67	54	Beralt Tin	59	......	4.5	3.2	10.9
155	125	Geevor	125	......	‡8.4	1.9	‡
10	8	Gold & Base 12½p.	10	......	—	—	—
660	570	Gopeng Cons.	570	......	‡30.0	1.8	‡
450	390	Hongkong	390	......	21.0	ϕ	7.7
125	115	Idris 10p	118	......	26.0	ϕ	7.3
15	13	Jantar 12½p	15	......	1.5	ϕ	14.3
98	86	Kamunting $M0.50	86	......	‡Q80c	1.0	‡
775	545	Killinghall $M1	775	......	Q100c	ϕ	2.5
114	88	Malay Dredging 10c.	114d	......	ϕbQ38c	0.9	6.4
62	30	Pahang	62	+3	0.44	0.3	1.0
103	93	Pengkalen 10p	93	......	3.5	0.6	5.4
380	350	Petaling $M1	350	......	Q180c	ϕ	9.9
25	19	South Crofty 10p.	25	......	‡1.0	ϕ	‡
225	200	Sungei Besi $M1.	215	......	‡Q480c	1.1	‡
160	95	Supreme Corp. $M1.	160	......	ϕQ15½c	ϕ	1.9
118	116½	Tanjong 15p	117	......	21.5	ϕ	1.9
90	80	Tongkah H. Tin $m	80	......	Q23%	0.4	5.7
410	350	Tronoh $M1	360	......	‡Q250c	0.7	‡

Copper

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
295	165	Messina R0.50	235	......	Q45c	4.7	9.0

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	142	Anglo-Dominion	170	......	—	—	—
55	40	Barymin	44	......	—	—	—
24	14	Burma Mines 10p	20	......	0.75	0.9	5.4
315	180	Colby Res. Corp.	215	......	—	—	—
270	200	Cons. Murch. 10c.	270	+10	tQ30c	1.8	6.4
98	75	††Hemerdon 10c.	85	......	—	—	—
180	135	Highwood Res.	155	......	—	—	—
400	300	Northgate C$1	360	......	—	—	—
487	372	R.T.Z.	478	+1	16.0	q3.1	4.9
£114	£93½	Do.9¼%Cn.Uns.Ln.'95-2000	£112½	−1½	Q9½%	—	f8.9
143	118	††SPO Minerals 10p	118	......	—	—	—
47	33	Sabina Inds. C$1.	38	+1	—	—	—
38	28	††SWCM 10p	34	......	—	—	—
550	465	Tara Exptn. $1	505	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding *exceptional profits/losses but including estimated extent of offsettable* ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value,

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. *j Payment from capital sources. k Kenya. m Interim higher than* previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated *dividend: cover relates to previous dividend, P/E ratio* based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. *v Tax free up to 30p in the £. w Yield allows for currency* clause. x Prospective real rate of return. y Dividend and yield based on *merger terms. z Dividend and yield include a special payment;* Cover does not apply to special payment. A Net dividend and yield. *B Preference dividend passed or deferred.* C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	IRISH	Price	+ or −
Albany Inv. 20p	43	+1			
Bertam	14	......	Conv. 9% '80/82	£93⅝	......
Bdg'wtr. Est. 50p	900	......	Nat. 9¼% 84/89	£75¼	......
Craig & Rose £1	£11¼	......	Fin. 13% 97/02	£80¾	+⅛
Fife Forge	58	......	Alliance Gas	74	−1
Finlay Pkg. 5p	22	......	Arnott	260	+10
Graig Ship. £1	£21	......	Carroll (P.J.)	87	+2
Higsons Brew	73	......	Concrete Prods.	96	+2
Holt (Jos) 25p	435	......	Helton (Hldgs.)	27	......
I.O.M. Stm. £1	158	......	Ins. Corp.	395	......
Pearce (C. H.)	965	......	Irish Ropes	53	......
Peel Hldgs.	100	......	Jacob	47xd	......
Sheff. Refrshmt	103	......	T.M.G.	22	−1
Sindall (Wm.)	170	......	Unidare	88	......

OPTIONS

3-month Call Rates

Industrials					
		House of Fraser	14	Utd. Drapery	6½
A. Brew	6½	I.C.I.	20	Vickers	15
BOC Intl.	11	"Imps"	7	Woolworths	5
B.S.R.	4½	I.C.L.	6		
Babcock	11	Ladbroke	30	**Property**	
Barclays Bank	36	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	10	Cap. Counties	11
Blue Circle	35	Lloyds Bank	28	Land Secs.	37
Boots	20	"Lofs"	4½	MEPC	20
Bowaters	24	London Brick	7	Peachey	15
Brit. Aerospace	14	Lucas Inds.	18	Samuel Props.	13
B.A.T.	25	"Mams"	20	Town & City	2¼
Brown (J.)	7	Mrks. & Spncr	9		
Burton Ord.	12	Midland Bank	26	**Oils**	
Cadburys	7½	N.E.I.	7	Brit. Petroleum	36
Courtaulds	6	Nat. West. Bank	32	Burmah Oil	16
Debenhams	8	P & O Dfd.	13	Charterhall	9
Distillers	27	Plessey	30	KCA	22
Dunlop	7½	Racal Elect.	34	Premier	18
Eagle Star	22	R.H.M.	5	Shell	34
F.N.F.C.	3½	Rank Org. Ord.	18	Tricentrol	30
Gen. Accident	30	Reed Intnl.	20	Ultramar	44
Gen. Electric	60	Sears	5		
Glaxo	28	Tesco	5½	**Mines**	
Grand Met.	14	Thorn EMI	30		
G.U.S. 'A'	44	Trust Houses	18	Charter Cons.	21
Guardian	32	Tube Invest.	18	Cons. Gold	45
G.K.N.	26	Turner & Newall	10	Lonrho	9
Hawker Sidd	25	Unilever	50	Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Tuesday April 28 1981

Chirac 'personally' supports Giscard

By Robert Mauthner in Paris

PRESIDENT Giscard d'Estaing, who established a narrow lead in the first round of the French presidential election on Sunday over M. François Mitterrand, his Socialist challenger, yesterday received the valuable "personal" backing of M. Jacques Chirac, the Gaullist leader.

M. Chirac, who was eliminated from the presidential race, in which only the two leading candidates move forward into the final ballot on May 10, significantly declined to advise his supporters on the way they should vote in 12 days' time. "Everyone must vote according to his conscience," the Gaullist leader said.

M. Giscard d'Estaing won the public support of M. Jacques Chaban-Delmas, the president of the National Assembly, who stood against him in the first round of the 1974 presidential election.

Important as these pledges of support are for M. Giscard d'Estaing, they do little to indicate the eventual outcome of the election. The outgoing president, who, according to the latest official figures, obtained only 28.3 per cent of the total vote in the first round, compared with M. Mitterrand's 25.8 per cent, needs every vote he can get to win the necessary absolute majority in the final ballot.

Both M. Chirac and M. Chaban-Delmas underlined the dangers the country would face if M. Mitterrand won, with communist support. "I cannot ignore the consequences for France of communist participation in the Government," M. Chirac said.

Uncertainty about the outcome of the election was reflected yesterday both in trading on the Bourse and the Paris currency market. Though there was no panic selling, the share index, which gained four points just before the first round, when it seemed that M. Chirac might beat M. Mitterrand into second place, lost two points yesterday.

The franc continued its slow but steady decline, which started a few days before the first round. Yesterday, the French currency lost ground against the Yen and the Belgian franc.

Vote for cliff-hanger, Page 2
Editorial Comment, Page 20;

Continued from Page 1

Visa

Visa, which is not legally defined as a bank, would offer the cash management service to bank customers. One option would see Visa as a put-through device for collecting relatively small amounts which could then be invested in amounts of more than $100,000 with the banks. Deposits of this scale would not be subject to interest rate restrictions.

Mr. Charles Russell, president of Visa USA, tells the banks that Visa "is now examining several alternative plans to make it possible for our members to offer customers a card which, aside from being the best and most widely accepted travel and entertainment card in the world, will enable them to access funds on deposit in an account which invests in high yield financial instruments and possibly give them access to the value held in other assets as well."

It is clear from the Visa letter that the proposed T and E card—and eventually the cash management service—will be available to banks throughout the worldwide Visa network.

Barclays Bank, one of Visa's biggest members, said yesterday that it saw the cash management service as largely a U.S. domestic matter.

"The T and E card has no appeal to Barclays for the time being," the bank said. However, it is known that senior Barclaycard executives have recently considered launching such a card.

In the U.S., Mr. Fred Hammer, retail banking head at Chase Manhattan Bank, welcomed the Visa proposal as "very sensible." and Mr. Charles Rand, head of card marketing at Bank of America, said it was "a progressive idea." However, Mr. Rand doubted that the Visa scheme would beat U.S. interest rate restrictions.

Mr. Richard Braddock, senior vice president in charge of credit cards at Citibank in New York, said: "What Visa is planning is in line with my perceptions of the way the market is developing."

Mr. Dee Hock, president of Visa International, said he would not be surprised if some banks were critical. "The larger ones may have some such scheme in the works whereby they hope to gain advantage over the smaller banks. Others may erroneously conclude that Visa intends to deprive banks of their deposits for its own use much as Merrill Lynch and Amex/Shearson are doing.

"That criticism will disappear swiftly when they realise that the flow of funds will be quite the opposite."

Domestic coal price cut for first time since 1973

BY RAY DAFTER, ENERGY EDITOR

THE National Coal Board is offering cut-price coal to householders to boost sales and make inroads into its vast stocks.

Faced with falling demand and rising output, the result in part of productivity deals with miners, the NCB said last night that it was reducing immediately its rates for domestic coal by £5 to £7 a tonne.

The drop in price, the first since 1973, should result in an average reduction in household coal bills of about 6 per cent.

Until July 31 the NCB will cut the price to merchants of normal house coal by £5 a tonne, and by £7 a tonne for smokeless fuels. The Board said it expected the price cuts to be passed on to retail customers.

In the past three years domestic coal tariffs have risen by over 80 per cent. But in common with other fuel distributors the Coal Board and merchants are now finding customers, hit by the recession and rising unemployment, resisting the high prices. A mild winter has also resulted in reduced sales.

Statistics published earlier this month by the NCB showed that sales of coal to industrial, commercial and domestic consumers fell by 7.3m tonnes to 117.7m tonnes in the financial year 1980-81. The domestic coal market is between 10m and 11m tonnes.

As a result of past investment programmes and productivity deals output has continued to rise.

Sir Derek Ezra, chairman of the NCB, told a Midlands area conference of the National Union of Mineworkers in Blackpool yesterday that in the past 12 months output in the pits had risen by more than 3m tonnes to over 126m tonnes.

He called on the unions to join in the sales campaign. Exports were rising fast, with 8m tonnes forecast for this year and double that amount expected in two or three years, he said.

In the meantime the NCB was faced with the problem of rising stocks. The amount of its undistributed stocks has risen to 21.3m tonnes, some 9m more than this time last year.

Normally the NCB would hope to emerge from a winter period with a strategic stockpile of some 11m to 12m tonnes.

Retail prices vary considerably depending on where consumers are. For instance, house coal mined in the Midlands and sold in London costs between £83 and £85 a tonne, whereas in Taunton, Somerset, it is about £90 a tonne.

Smokeless anthracite, produced in South Wales, costs £108-£119 in London and £119-£125 a tonne in Taunton.

The NCB is considering ways of financing these stocks in the light of Public Sector Borrowing Requirement restrictions. One idea would involve sale to financial institutions of "coal bonds" linked to the price of coal.

The bonds would relate to a proportion of the stocks which the NCB would buy back at a later date. An arrangements covering 5m tonnes of stocks might involve issue of £150m to £200m worth of bonds, for instance.

NCB officials emphasised that the discussions were at a preliminary stage and no proposal had yet been put to the Government.

Industry ponders switch, Page 7

UK-France clash on grain looms

BY JOHN WYLES IN BRUSSELS

THE U.S. decision to lift the embargo on grain sales to the Soviet Union may proke a clash between Britain and France on how the EEC should react. French officials claim the European Commission has the authority to take all necessary measures to allow the subsidised export of about 600,000 tonnes of French wheat to the Soviet Union. This sale has been blocked until now on the grounds that it would undermine the U.S. embargo.

The UK believes the lifting of the EEC's export curbs shuuld be confirmed by member governments, that restrictions on the sale of cheap butter should continue, and that the monitoring machinery created to try to prevent evasion of the policy should be retained.

Britain argues that since the policy was adopted by member governments in January last year, it can only be abandoned now by member governments. Behind its position, however, lies a determination to win a greater control for member states over the Community's subsidised food exports, particularly to the Communist bloc.

The 14-member Commission will discuss the issue tomorrow. It is likely to want to assert its right to manage food exports independently but it may also want to refer to member governments before deciding how to handle exports to the Soviet Union in future.

In Washington, the U.S. Agriculture Department said the next round of talks with the Soviet Union over a new grain pact, and possible additional U.S. grain sales may be held this week, reports reuter.

The talks are likely to be held at a neutral site, such as London or Rotterdam, and could begin as early as Wednesday.

The Agriculture Department said the U.S. and the Soviet Union expressed strong interest in further negotiations at the initial discussions held on Friday afternoon.

Patricia Newly reports from Canberra: Australia has followed the U.S. lead in ending its partial grain embargo on the Soviet Union.

However, the lifting of the ban will have no effect on Australian wheat sales to the Soviet Union in the short-term. Australia has no surplus wheat available even if the Russians are interested in buying.

EEC Japanese imports up 46%

BY JOHN WYLES IN BRUSSELS

JAPAN'S trade surplus with the EEC in the first quarter of this year was 46 per cent higher than in the same period of 1980, despite repeated recent warnings from the Ten that Tokyo should curb the imbalance.

This export surge guarantees an intensification of Community political pressure on Japan, backed by the implied threat that member governments may soon bend further to domestic protectionist opinion.

The European Commission is still preparing its own figures but officials are concerned at statistics just published by the Japanese Ministry of Finance showing that Japan's first quarter trade surplus with the EEC climbed from $1.78bn last year to just under $2.6bn ($1.2bn) this year.

Japanese exports to the EEC rose by 33 per cent to $4.79bn, while imports increased by 22 per cent to $2.2bn.

Japan may well answer EEC complaints with claims that export growth of some sensitive products is being pegged back. Thus exports of television receivers were only 1.4 per cent higher in the first quarter.

Car sales were up nearly 18 per cent, exports of semiconductor parts were 23 per cent higher, while sales of other Japanese products rocketed. Tape recorder exports, for example, climbed by 76 per cent, watches by 75 per cent and motor cycles by 43 per cent.

The EEC is bound to step up its public complaints about the rising curve of Japanese exports, but it is unlikely to take any serious defensive action for the time being. It will first try to win from Tokyo the same promises of export restraint which seem likely to be given to the U.S. this week over motor car shipments.

The Community's case is however weakened by the fact that it is not a single open market like the U.S. as both France and Italy protectively control imports of Japanese cars.

The Ten's main pressure on Japan will for the moment be aimed at exploiting Tokyo's obvious anxiety to avoid any discussion of its trade policies at the world economic summit in Ottawa in July. Mr. Zenko Suzuki, the Japanese Prime Minister, is expected to tour Europe near the end of June and it is hoped that he will bring some concessions with him.

Japan to act on U.S. car dispute, Page 6

APEX backs Healey as deputy leader of Labour Party

BY PHILIP BASSETT & NICK GARNETT, LABOUR STAFF

MR. DENIS HEALEY received a welcome boost yesterday from Right-wing trade unions in his struggle to retain deputy leadership ofg the Labour Party as he effectively launched his own campaign with a call to the party to "put first things first."

The Association of Professional, Executive, Clerical and Computer Staff at its conference in Southport, voted overwhelmingly to support the leadership of Mr. Healey and Mr. Michael Foot, the party leader.

The APEX conference supported the principle of an electoral college to elect the party leader composed of 50 per cent MPs and 25 per cent each of trade union and local Labour Party representatives.

This would substantially alter present policy, decided earlier this year, for a college of 40 per cent trade unions and 30 per cent each to MPs and local parties to conform with Mr. Foot's wishes.

The union's placing of its 109,000 affiliated votes behind the party leadership is the first sign from union conferences of support for Mr. Foot and Mr. Healey against the challenge mounted by Mr. Tony Benn.

Mr. Foot and Mr. Healey received further encouragement from Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, whose speech to the union's policy-making National Committee in Eastbourne contained an undercurrent of hostility to Mr. Benn, and stated that the party could form a Government only "by having realistic policies and maintaining democracy."

It emerged later that Mr. Foot had been told privately that Labour would not be reelected if he continued his support for the policy of unilateral disarmament.

Sir John Boyd, AUEW general secretary, had replied to a pro-unilateralist speech by Mr. Foot at a private union dinner, saying that Left-wingers in the party had been guilty of financial recklessness and that they, not those who had left the party, had created divisions.

Mr. Healey, addressing the annual conference of the Midlands Area of the National Union of Mineworkers, said: "Surely the time has come to say to those who are wrecking our movement what Clem Attlee said to those who tried to play the same game before the election of 1945: 'A period of silence from you would be welcome.'"

He said that some people in the party preferred to spend their time looking for excuses to sack a sitting MP with a lifetime's service to the movement than opposing Tory policies.

"Are we really going to allow them to push us into fighting one another on issues which mean nothing to the 3m men and women wh ocannot get a job, instead of uniting to fight the Tory Government which refuses to let them earn their living?"

● The executive of the Union of Shop, Distributive and Allied Workers meets today to discuss its position on the electoral formula.

The union was crucial in securing the 40-30-30 formula earlier this year.

A change of policy by the union would be an important step toward adoption of a new formula which would give more weight to the Parliamentary party.

The USDAW conference will debate the issue later today. There are strong pressures on the executive to allow the present formula to stand.

● **Elinor Goodman, Lobby Correspondent adds:** In another sign of the divisions the leadership contest is creating in the Labour Party Mr. Ian Mikardo, chairman of the Left-wing Tribune Group, attacked Mr. Peter Shore, Shadow Chancellor, for his condemnation of Mr. Tony Benn at the weekend.

In a letter to the Guardian he said that Mr. Shore's outburst had been "stronger on rhetoric than on fact."

Airports hit as traffic controllers walk out

By John Lloyd, Labour Correspondent

THE CALL by civil service unions for a half-day's strike at air traffic control centres was largely obeyed yesterday and many flights were disrupted.

All 16 of the Civil Aviation Authority's airports were affected by the absence of air traffic controllers and assistants yesterday morning from the West Drayton and Prestwick centres. The CAA said the effects were "widespread but limited."

British Airways cancelled 58 of its scheduled 150 short-haul flights from Heathrow and Gatwick. The other 92 flights were delayed up to four hours. Long haul flights suffered no cancellations, although two Concorde flights to New York were "consolidated" into one, and there were delays of about two hours.

Heathrow and Gatwick airports were easily the worst hit, with Heathrow averaging 35 per cent of normal efficiency and Gatwick down to 25 per cent, according to the CAA. At provincial airports, Edinburgh and Glasgow were worst affected running at 50 and 75 per cent of normal efficiency respectively. Manchester operated at 90 per cent of normal while Stansted, Birmingham and Cardiff airports were not affected.

Estimates of the number of controllers and assistants who reported for duty at the two centres varied. It seems likely that about 20 staff of the normal 122 complement turned up at West Drayton, while almost the entire staff of 60 stayed away from Prestwick.

The Council of Civil Service Unions said last night that the action was "entirely effective." Mr. John Macreadie, an assistant secretary of the Civil and Public Servants' Association, said: "This will boost the morale of our civil service colleagues."

Today unions will call out air traffic control staff at the three Scottish airports of Glasgow, Prestwich and Edinburgh.

British Airways has cancelled the early London shuttles from Glasgow and Edinburgh, together with flights from Glasgow to Paris and Aberdeen, from Aberdeen to Glasgow and from Birmingham to Edinburgh.

● Sir Geoffrey Howe, the Chancellor, said in the Commons yesterday that the Government was receiving about three-quarters of its revenue flow for April, despite the disruption caused by civil servants. He said it was too early to give precise figures for revenue loss.

Union leaders have claimed the loss is running at about £900m a week, and that it is keepin ginterest rates 2 per cent higher than they would otherwise have been.

Caledonian chairman attacks disruption, Page 8

Weather

UK TODAY

Cloudy with some rain.

London, S. and S.W. England, E. Anglia, E. Midlands, Channel Isles

Cloudy, rain later. Max. 13C (55F).

W. Midlands, Wales, W. and Cent. N. England

Some rain, bright later. Max. 12C (54F).

Lakes, Isle of Man, S.W. Scotland, Argyle, Ulster

Sunny intervals. Max. 11C (52F).

Rest of England and Scotland, Orkney, Shetlands

Cloudy. Occasional rain. Max. 10C (50F).

Outlook:

Mostly dry. Rain in N. and E.

WORLDWIDE

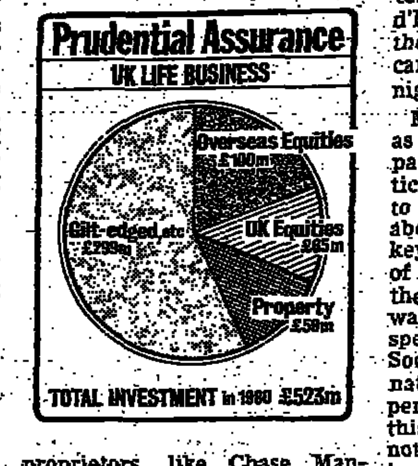
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	14	57	London	F	9	48
Algiers	F	18	64	L. Ang.†	F	13	55
Amsdm.	F	12	54	Luxmbg	Sn	0	32
Athens	S	22	72	Luxor	S	42	108
Bahrein	F	30	96	Madrid	C	10	50
Barclno.	F	15	59	Majorca	C	17	63
Belfast	S	10	50	Malaga	S	18	64
Belgrd.	C	17	63	M'chstr.	F	8	46
Berlin	F	12	54	Melbne.	C	15	59
Biarritz	F	11	52	Miami†	C	26	79
Bmghm.	F	8	48	Milan	F	10	50
Blackpl.	F	10	50	Montrl.†	F	8	46
Bordx.	C	9	48	Moscow	R	5	41
Boulgn.	R	6	43	Munich	C	6	43
Bristol	C	5	41	Nairobi	F	21	70
Brussels	C	9	48	Naples	F	15	59
Budpst.	C	17	63	Nwcstl.	S	7	45
Cardiff	C	6	43	N York†	C	12	54
Cas'b'ca	C	16	61	Nice	S	15	59
Cape T.	C	19	66	Nicosia	F	22	72
Chicg.†	F	8	46	Oporto	C	11	52
Cologne	C	8	46	Oslo	C	7	45
Cpnhgn.	F	11	52	Paris	C	9	48
Corfu	F	21	70	Perth	R	22	72
Denver†	F	12	54	Prague	R	5	41
Dublin	S	9	48	Reykjvk.	R	7	45
Dbrvnk.	F	16	61	Rhodes	R	20	68
Ednbgh.	S	11	52	Rome	C	12	54
Faro	F	16	61	Salzbrg.	C	8	46
Frankft.	R	4	39	S F'cisc†	F	9	48
Funchal	F	19	66	Singapr.	C	30	86
Geneva	C	8	46	Stckhm.	F	10	50
Gibraltar	F	17	63	Strasbg.	R	7	45
Glasgow	F	11	52	Sydney	F	23	73
G'nsey	C	8	46	Tangier	C	16	61
Helsinki	F	7	45	Tel Aviv	F	21	70
H. Kong	F	25	77	Tenerife	F	14	57
Innsbrk.	R	8	46	Tokyo	F	22	72
I.o.Man	F	8	46	T'ronto†	C	6	43
Istanbul	C	20	68	Tunis	F	18	64
Jersey	F	9	48	Valencia	F	16	61
Jo'burg	F	12	54	Venice	F	16	61
L. Plms.	C	18	64	Vienna	R	6	43
Lisbon	C	9	48	Warsaw	F	17	63
Locarno	F	12	54	Zurich	C	5	41

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sn—Snow. † Noon GMT temperatures.

THE LEX COLUMN

Overseas strategy at the Pru

Index fell 1.3 to 586.0



The big surge in overseas investment by UK institutions may be over, but UK fund managers are still likely to be big buyers of foreign shares for the foreseeable future. That is the message from the Prudential Corporation's annual report, which shows that the value of its holding in overseas equities rose from about 4 per cent of the life funds' ordinary share portfolio to 10 per cent during 1980.

In a year when UK share prices were buoyant, that required an investment of £100m in overseas equities, out of the £600m of new funds arising in the UK life business during the year. A lot of the money went to the Far East, but over half the Pru's foreign portfolio is still in the U.S. compared with about a fifth in Japan. By comparison, the new investment in UK shares was just £65m.

The market value of these international funds now exceeds £350m, and the Pru's current intention is to move its overseas exposure up to around 15 per cent of its equity funds. But that may well take more than a year to achieve. And although that would not take the overseas equity portfolio up to much more than 5 per cent of the group's total assets, it seems unlikely that the Pru will ever want much more than, say, 20 per cent of its equities to be in overseas shares.

This is not because there are any great prudential or legislative constraints. A mature life fund has very substantial free assets, which means that perhaps 20 per cent or more of its total assets could be invested overseas before there was any question of its domestic liabilities being uncovered by its domestic assets. Under the present UK rules there is nothing to stop a life company getting into such a position, provided the authorities are notified.

But the Pru obviously plays a very important role in the UK capital market. If it went on increasing the proportion of overseas equities, then sooner or later the politicians would intervene.

Orion Bank

Consortium banks can sustain an effective role so long as they supply some kind of specialised—such as geographical—service or they give international exposure to smallish shareholder banks which find it too expensive to build up their own overseas operations. But Orion Bank has for years been running up against the problem that its growth has set it in conflict with its own big bank proprietors, like Chase Manhattan and National Westminster. The agreement that it should be bought outright by the Royal Bank of Canada, one of the six shareholders, is therefore a logical solution to the underlying problems which have been widely aired ever since the former chairman, Mr. David Montagu, resigned 18 months ago.

Several proposals about the future of Orion were considered but rejected two years ago. The Royal Bank of Canada was at that time unready to consider taking on such a big proposition, and NatWest and Chase would have found it difficult to fit Orion into their existing international operations. For various reasons the other shareholders—Credito Italiano, Mitsubishi and Westdeutsche Landesbank—were not well placed. But at the same time, the banks were unwilling to sell such a substantial prize as Orion to an outside competitor.

What appears to have broken the deadlock is simply that the Royal Bank of Canada has acquired a little more experience and muscle. Its London merchant bank, set up in 1979, is tiny but has allowed it to put a toe in the water. And last year it raised over C$200m through a rights issue; the purchase of the remaining 80 per cent of Orion could cost it rather more than half this amount.

France

The French Bourse went into reverse yesterday, following the first round of the presidential election, and the CAC General Index shed nearly 2 per cent to 109.6. But this still left it above the level in the early part of last week, before the market began to get excited about M. Chirac's apparent last-minute surge and the heady prospect of a run-off between two right wing candidates. In the event the Socialist candidate M. Mitterrand has run M. Giscard d'Estaing a close second, but the odds remain on Giscard to carry away the prize in a fortnight's time.

M. Mitterrand is no longer seen as quite the ogre of the 1978 parlimenary election. In particular he is thought unlikely to reimpose price controls, the abolition of which has been a key factor in the profits growth of the last couple of years. So the political fall-out yesterday was concentrated on the 11 specific stocks which the Socialists have threatened to nationalise, which all shed 5 per cent or more. Apart from this, investors seem determined not to be panicked into repeating the 1978 sell-off, which left them with burnt fingers when the market rebounded.

Nevertheless, by comparison with other world markets the Bourse has been positively sluggish since the setback in November. Yet reported profits and dividends this year are likely to put in a more impressive performance than in other European countries and there is a strong chance of the Monory law being extended.

Gerrard and National

To erase the memory of its loss in 1979-80 Gerrard and National Discount has come up with record disclosed net profits of £5.8m for 1980-81—and true earnings were at least £1.5m better still, for that sum has been transferred out of inner into published reserves while still leaving inner reserves at a record level. The dividend is up more than a fifth.

The moneary background last year was, of course, very favourable to discount houses. Minimum Lending Rate fell 5 points in Gerrard's year (and since the year began with market rates discounting 18 per cent, the effective fall was more like 6 points). And though there were opportunities for making bad mistakes in gilt-edged, Gerrard appears to have been muth more sure-footed here than in the previous year.

But share prices in the discount houses sector have missed out on the market's general strength in the past month, and it certainly does not look as though 1981-82 will be anything like so favourable. Gerrard talks of a promising start this time, but it is running a fairly defensive book. So despite a reasonable 6.6 per cent yield, the short term outlook is not very exciting.

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